

CITY OF ELLSWORTH, MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the Fiscal Year Ending
June 30, 2016**

CITY OF ELLSWORTH, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by the Finance Department

CITY OF ELLSWORTH, MAINE
For the Fiscal Year Ended June 30, 2016
Comprehensive Annual Financial Report

Table of Contents

INTRODUCTORY SECTION

	<u>Page</u>
Transmittal Letter	1-6
Organizational Chart	7
List of Principal Officials	8

FINANCIAL SECTION

Independent Auditor's Report	11-13
Management's Discussion and Analysis	14-212

Statement

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	1	25
Statement of Activities	2	26

Fund Financial Statements:

Balance Sheet – Governmental Funds	3	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	28
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	5	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	30
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	7	31
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – School Operations Fund	7.1	32
Statement of Net Position – Proprietary Funds	8	33
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	9	34
Statement of Cash Flows – Proprietary Funds	10	35
Statement of Fiduciary Net Position – Fiduciary Funds	11	36
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	12	37

Notes to Basic Financial Statements	38-62
-------------------------------------	-------

Required Supplementary Information	63-66
------------------------------------	-------

Combining and Individual Fund Financial Statements and Schedules:

Exhibit

General Fund:

Comparative Balance Sheets	A-1	69
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	A-2	70-74

Nonmajor Governmental Funds:

Combining Balance Sheet	B-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	78

CITY OF ELLSWORTH, MAINE
For the Fiscal Year Ended June 30, 2016
Comprehensive Annual Financial Report

Table of Contents, Continued

FINANCIAL SECTION, CONTINUED

	<u>Exhibit</u>	<u>Page</u>
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – City Grants	C-3	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – School Grants	C-3.1	84
Nonmajor Permanent Funds:		
Combining Balance Sheet	D-1	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	88
Fiduciary Funds:		
Statement of Changes in Assets and Liabilities – Agency Funds	E	91

Schedule

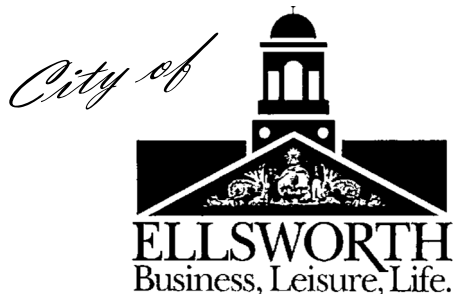
Schedule of Capital Projects	1	95
Schedule of Changes in Assigned Balances – General Fund – Capital Reserve Funds	2	96
Schedule of Valuation, Assessments, and Collection of Taxes	3	97

STATISTICAL SECTION

Table

Net Position by Component	1	101
Changes in Net Position	2	102-104
Fund Balances of Governmental Funds	3	105
Changes in Fund Balances, Governmental Funds	4	106
State Aid Revenues by Source	5	107
Tax Revenues by Source, Governmental Funds	6	108
Assessed Value and Estimated Actual Value of Taxable Property	7	109
Property Tax Rate - Direct and Overlapping Governments	8	110
Principal Property Taxpayers	9	111
Property Tax Levies and Collections	10	112
Ratio of Outstanding Debt by Type	11	113
Ratio of General Obligation Debt to Assessed Value and Net General Obligation Debt Per Capita	12	114
Computation of Direct and Overlapping Debt	13	115
Legal Debt Margin Information	14	116
Demographic and Economic Statistics	15	117
Principal Employers	16	118
Operating Indicators by Function	17	119
Full-time Equivalent City Government Employees by Function/Program	18	120
Capital Assets Statistics by Function	19	121

INTRODUCTORY SECTION



Office of the City Treasurer

1 City Hall Plaza • Ellsworth, ME 04605-1942
Phone (207) 669-6602 • Fax (207) 667-4908
www.ellsworthmaine.gov

To the Honorable Chairman,
Members of the Ellsworth City Council, and
Citizens of Ellsworth

The City of Ellsworth's comprehensive annual financial report for the fiscal year ended June 30, 2016 is hereby submitted in accordance with the requirements of both our City Charter and State Statutes. The Charter and statutes require that the City of Ellsworth issue annually a report of its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all the disclosures, rests with the City of Ellsworth. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Ellsworth on a government-wide and fund basis.

The City is responsible for establishing and maintaining an internal control framework designed to ensure that the assets of the City are protected from loss, theft, and misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The City's financial statements have been audited by Runyon Kersteen Ouellette. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's unmodified opinion is presented as the first component of the financial section of this report.

The City is required to undergo an annual Single Audit in conformity with the Uniform Guidance. The "Single Audit" is designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of expenditures of federal awards, findings, questioned costs, recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separately issued single audit report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City of Ellsworth, incorporated in 1869, is located in the center of the County of Hancock in the southeastern coastal region of the State of Maine, also referred to as "Down East". Ellsworth is the only city in Hancock County and has served as its county seat since 1837. Ellsworth is situated at the head of the Union River Bay with the Union River passing southward through the center of the City.

The City of Ellsworth is an urban, commercial, industrial, and residential community with some rural characteristics. The City's area includes tracts of forest and farm lands, open space, and river front areas. The City is comprised of Rural Residential, Urban Residential, Commercial, and Industrial zones, and has the distinction of being the "largest" city in Maine with its 93.37 square miles of area.

The City operates under a charter adopted in 1869, as amended (the "Charter"), providing for a Council-Manager form of government with a seven member City Council elected from the registered voters of the City, at-large, for three year staggered terms. The Charter grants to the Council all powers to enact, amend, or repeal rules, ordinances, orders or resolutions relating to the City's property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies, give effect to any vote of the City authorizing the issuance of debt, and provide for an annual audit of the City's accounts. The City Manager is the chief administrative officer of the City and appointed by the Council, as are the Assessor, City Clerk, Tax Collector, and Treasurer.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, a library, highways, streets and sidewalks, parks and recreational areas, business and economic development, planning, code enforcement, health and welfare, and general administrative services. Public education is provided for grades Kindergarten ("K") through 12. The City operates its own water system and wastewater treatment system and they are accounted for in the City's Proprietary Funds.

The City's budgeting process is structured around its fiscal year, which begins on July 1st and ends on the following June 30th. The City annually adopts budgets for its General Fund, School Operations Fund, and two proprietary funds. All departments of the City are required to submit requests for appropriation to the Finance Director in January of each year. The City's Finance Director uses these requests as the starting point for developing a proposed budget. It is then forwarded to the City Manager for any necessary changes and recommendations. The City Charter requires that the City Manager submit a recommended budget to the Council by the second Monday in April. The budget, which must be in balance, contains estimates of all non-tax revenues and receipts expected to be received during the next fiscal year, the expenditures necessary to support City operations, debt service requirements, and the tax levy required to achieve balance between revenues and expenditures.

The Council may modify recommended expenditures and the recommended tax levy. If the Appropriation Resolve increases the property tax levy from the prior year by more than a specified Growth Limitation factor then the excess of the appropriation must be approved by a majority of the entire City Council. The school budget is subject to approval by the School Board and then the City Council. Once approved by City Council, the budget must be passed by the majority through a voter referendum. If the Council fails to adopt a budget by July 1st, the Council may make appropriations by a continuing resolution to the various departments and accounts in the amounts sufficient to finance the necessary expenses until the budget resolve is in force. Upon adoption of the budget, a property tax levy is then established and filed with the City Assessor.

The City Manager may transfer any unencumbered appropriation balance or portion thereof from line item to line item within cost centers, but may not expend funds in excess of the cost center appropriation. The Council may, by Council Order, transfer any unencumbered appropriation balance or portion thereof between cost centers. Additional appropriations within the budget may be made by Council order if the Treasurer verifies that there are sufficient unanticipated and unappropriated revenues. Additional appropriations may also be covered by an appropriation from a reserve account or an interfund transfer from the General Fund or other fund. The School Board may transfer an amount not exceeding 5% of the total appropriation for any budget category without voter approval.

The annual budget serves as the foundation for the City of Ellsworth's financial planning and control. The City Manager may transfer resources within a department; however, transfers between departments require Council action.

Special revenue funds do not have adopted budgets. Budgetary controls are maintained on other governmental funds through formal authorizations by the City Council and through grant agreements. All budgets are legally adopted by the City Council through the passage of an appropriation resolve.

Local Economy

The City of Ellsworth is the service center for the entire Downeast region of the State of Maine for retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services. Several malls are located throughout the City's commercial areas and its downtown area provides a blend of specialty shops, restaurants, and consumer services. A recent market feasibility study was done by a private developer that verified that more than 63,000 people are served by the City for shopping, recreation, and professional services.

Ellsworth has a stable and varied economic base. Major employers include a diversified mix of healthcare, educational, professional, retail, manufacturing, and governmental entities.

The City's assessed value for tax year 2015-2016 is \$1,086,697,260, an approximate increase of 1.49% from the 2014-2015 tax assessment. Approximately 33% of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The City's rate of tax collection remains constant at just above 95 percent for last year.

The City is committed to preserving its viable economic base while creating new opportunities for future economic growth. In 2007, the Ellsworth City Council adopted an Economic Development Strategy that was recommended by the 2004 Comprehensive Plan.

This strategy addresses economic diversification, capital improvements, determination of improvements that are necessary to attract businesses, assessment of future land needs, development criteria for economic development projects, community recommendations, the development of specific strategies on the use of tax increment financing, and staffing needs. After this strategy was approved, City staff and the Ellsworth Economic Development Committee established a long-term economic development road map for the community and highlighted the need for further diversifying the tax base by encouraging a balanced mix of development in residential, retail, office, warehouse, and manufacturing. The City desires to facilitate projects that will meet the sustainable balance and create new employment opportunities to improve the economy.

Long-term Financial Planning

The City maintains an ongoing ten-year capital improvement plan (CIP) that serves as a tool for the City Manager and City Council to make strategic investments in the community. In Fiscal Year 2016, the Capital Improvement budget included \$350,000 to fund street, sidewalk, and drainage improvements; \$63,333 to fund technology improvements; \$175,000 to fund a new plow truck and equipment; \$119,900 to fund upgrades in police, fire, and highway equipment; and \$15,000 to fund miscellaneous capital improvements.

The City's Water Department, Wastewater Department, and Tax Increment Financing Districts' capital improvement plans are designed to be fully self-supporting and are, therefore, presented as separate items in the City's CIP process.

Major Initiatives

A deal to provide above market rate electricity between a local power company and a waste to energy facility (PERC) expires in 2018. Once this contract expires, communities across the region will need to make a decision on where to dispose of the garbage. The options for local communities are to continue disposal at the PERC facility or enter into a new contract with a new state of the art facility. The City Council felt there were too many risks with a plant with new technology and decided to continue disposing municipal solid waste at the PERC facility.

In early 2015, the City Council expressed interest in developing a comprehensive document that would express the City's vision for the future. They desired that the document be based on input from the residents and community stakeholders of Ellsworth and its surrounding communities rather than its own collective perspectives. The City hired a company to guide the process, which took nine months from concept to completion. With the Vision and Mission Statement complete, the next step in the process is setting goals to accomplish the ideals expressed in the document.

The City purchased a parcel of property to lease to the Ellsworth Business Development Corporation to create an incubator - Union River Center for Innovation. This center is a demand driven incubator supporting bioscience and technical cluster entrepreneurs. This project finalized the planning and implementation of critical infrastructure to facilitate entrepreneur connections, the physical and entrepreneurial environment, community support, and a "road map" tool to navigate the necessary phases of development.

Significant Accomplishments of Fiscal Year 2016

- The City continued its own investment into public infrastructure by improving parking lots, streetscapes, water and sewer mains and local roads throughout the City.
- The City Council approved a broadband infrastructure project to provide area businesses and residents a faster internet speed.
- The City authorized a housing study to be conducted for middle-income seniors. The City has had many requests from groups identifying the lack of development for this type of housing. Currently there is housing for low-income seniors; however, at this time there are no options available for seniors that do not meet the income level criteria.
- The City Council approved the reconstruction of a water main and sidewalks along a section of the Route 1A corridor in collaboration with the Maine Department of Transportation's project.
- The City Council increased the sewer rate by 43.13 percent to become self-supporting and help offset the negative net position with amounts due to the City's general fund.

Relevant Financial Policies

The City has established a formal Investment Policy. Under its policy, the City's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The City is invested principally in direct obligations of the United States government and its agencies. The City is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

The City's Fund Balance Ordinance requires maintaining the City's unassigned fund balance at no less than 10% and no more than 20% of the previous fiscal year's audited gross expenditures. Any fund balance in excess of 20% shall be used to increase designated reserves, the City's appropriated contingency account, or the appropriated capital improvement fund. In the event that the unassigned fund balance is anticipated to fall below 10% prior to appropriating fund balance the City is required to create a written plan that will replenish the fund balance in a maximum of three fiscal years.

The City's Procurement Policy was recently updated to provide for a more detailed and comprehensive policy for City purchases. The City's new policy provides for a definition section for easy reference; procedures for obtaining purchase orders; field purchases and cooperative purchases; informal and formal bidding processes; procurement procedures for engineering services, professional services; sole sourcing, and emergency purchases.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ellsworth, Maine, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. That was the 2nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements. However, management has decided not to submit this report to GFOA for determination of its eligibility for another certificate this year. It was determined that the City will submit the CAFR every other year starting in FY 2017.

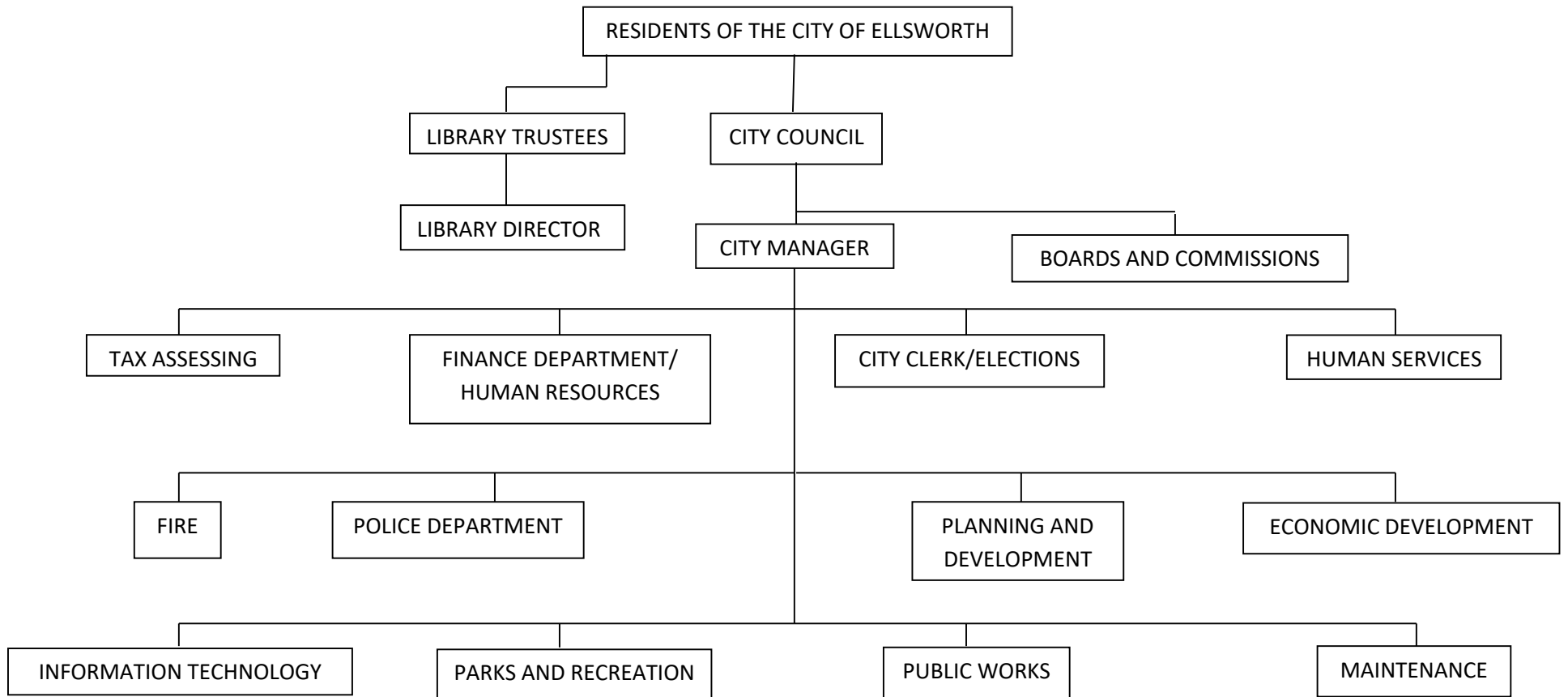
The preparation of this report would not have been possible without the various departments, as well as members of the Finance Office, providing the necessary information needed to complete this comprehensive annual financial report. Appreciation is also extended to the City Manager and the City Council for their support of the efforts to improve the City's level of financial reporting. I wish to acknowledge the efforts of our independent auditors, Runyon Kersteen Ouellette, for the professional audit work they provided and for all their support and assistance.

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy Mote". The signature is written in a cursive, flowing style.

Tammy Mote
Deputy City Manager/
Finance Director

CITY OF ELLSWORTH, MAINE
Organizational Chart



CITY OF ELLSWORTH, MAINE

List of Principal Officials
June 30, 2016

Elected Officials

Robert Crosthwaite	City Council Chairperson
Gary Fortier	City Councilor
Stephen Beathem	City Councilor
John Phillips	City Councilor
Marc Blanchette	City Councilor
John Moore	City Councilor
Pamela Perkins	City Councilor

Appointed Officials and Department Heads

David Cole, City Manager

Tammy Mote, Deputy City Manager/ Finance Director	Jason Ingalls, Technology Coordinator
Charlene Clemons, Interim Library Director	Steve Joyal, Maintenance Supervisor
Harold Bickmore, Chief of Police	Richard Tupper, Fire Chief
Michele Gagnon, City Planner	Dwight Tilton, Code Enforcement Officer
Larry Gardner, City Assessor	Michael Harris, Wastewater Superintendent
Heidi Noel Grindle, City Clerk	Micki Sumpter, Economic Development Director
Larry Wilson, Public Works Director & Water Superintendent	

FINANCIAL SECTION

Independent Auditor's Report

To the City Council
City of Ellsworth, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ellsworth, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Ellsworth, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ellsworth, Maine, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and School Operations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for the retiree healthcare plan, the schedule of the City's proportionate share of the net pension liability, and the schedule of City contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ellsworth, Maine's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

City Council
City of Ellsworth, Maine

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017 on our consideration of the City of Ellsworth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ellsworth, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

March 27, 2017
South Portland, Maine

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis
June 30, 2016

As management of the City of Ellsworth, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements that follow this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$57.9 million as of June 30, 2016, compared to approximately \$56.2 million as of June 30, 2015. Of the \$57.9 million, approximately \$36.8 million relates to the City's governmental activities and \$21.1 million relates to its business-type activities (Water and Wastewater).
- The City's General Fund - fund balance was approximately \$4.7 million as of June 30, 2016, compared to approximately \$3.4 million as of June 30, 2015.
- The City's Fund Balance Ordinance requires general fund unassigned fund balance to remain between 10% and 20% of the previous fiscal year's total gross expenditures. At the end of the current fiscal year, unassigned fund balance as a percentage of the prior fiscal year's total gross expenditures stands at 13.95%.
- The City of Ellsworth incurred \$1,400,000 in additional debt in the most recent fiscal year. This amount is for the development fee shortfall in the Myrick Street area.
- At the close of fiscal year 2016, the City of Ellsworth's governmental funds financial statements reported a combined ending fund balance of approximately \$3.6 million.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The statements consist of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Position (Statement 1) and a Statement of Activities (Statement 2). These statements provide information about the activities of the City as a whole and present both a long-term and short-term view of the City's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

The Statement of Net Position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that are accrued but not yet paid or collected but will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation and sick leave).

The Statement of Net Position and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities:** Most of the City's basic services are reported here, including the police, fire, general administration, education, health and welfare, and parks and recreation. These activities are principally supported by taxes and intergovernmental revenues.
- **Business-type activities:** The City operates a water and sewer system that charges a fee to customers to help it cover the cost of certain services it provides.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and GASB Statement No. 54 to define and classify the existing governmental fund types. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds are used to account for mostly the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. Both the governmental fund balance sheet (Statement 3) and the governmental fund statement of revenues, expenditures, and changes in fund balances (Statement 4) provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.
- The City of Ellsworth reports three major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, School Operations Fund and Capital Projects Fund. All other funds are considered to be nonmajor and are combined into a single aggregated presentation as "Other Governmental Funds". Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements (Exhibit B) elsewhere in this report.
- The City of Ellsworth adopts an annual budget for its General Fund and School Operations Fund. A budgetary comparison statement has been provided for the General Fund and School Operations Fund to demonstrate compliance with this budget (Statement 7 and Statement 7.1, respectively). Additionally, the City's General Fund is further broken down into the individual elements comprising each budget category (Exhibit A-2).
- Proprietary funds are used to account for the operations of the Water and Wastewater funds. Enterprise funds are the only type of proprietary funds maintained by the City. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Both the Water and Wastewater funds are considered major funds. The City of Ellsworth adopts annual budgets for each fund.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

- Fiduciary funds are reported in the fiduciary fund financial statements (Statements 11 and 12), but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds. The City reports two types of fiduciary funds, agency funds and private-purpose trusts.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Financial Analysis of the City as a Whole - Government-wide Financial Statements

The following schedule is a summary of net position for the years ended June 30, 2016 and 2015:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
		<u>(as restated)</u>			<u>(as restated)</u>	
Current and other assets	\$ 11,872,677	7,511,839	4,360,838	(719,061)	(109,416)	(609,645)
Capital assets	70,516,050	70,162,725	353,325	33,572,424	34,508,041	(935,617)
Total Assets	82,388,727	77,674,564	4,714,163	32,853,363	34,398,625	(1,545,262)
Deferred outflows of resources - pensions	1,141,554	117,029	1,024,525	-	-	-
Current liabilities	7,200,618	3,066,107	4,134,511	412,186	447,285	(35,099)
Noncurrent liabilities	39,319,641	39,714,890	(395,249)	11,380,546	12,412,047	(1,031,501)
Total Liabilities	46,520,259	42,780,997	3,739,262	11,792,732	12,859,332	(1,066,600)
Deferred inflows of resources - pensions	204,968	306,865	(101,897)	-	-	-
Net investment in capital assets	33,715,894	31,779,089	1,936,805	22,315,695	22,209,990	105,705
Restricted	3,389,446	3,202,685	186,761	421,071	417,237	3,834
Unrestricted	(300,286)	(278,043)	(22,243)	(1,676,135)	(1,087,934)	(588,201)
Total Net Position	\$ 36,805,054	34,703,731	2,101,323	21,060,631	21,539,293	(478,662)

Governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,805,054. Business-type activity assets exceeded liabilities by \$21,060,631 for a City-wide total net position of \$57,865,685 at the close of the most recent fiscal year.

The largest portion of the City of Ellsworth's net position (96.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Ellsworth uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City of Ellsworth's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining portion of the City's net position (3.2%) represents resources that are subject to external restrictions and a portion used to meet the City's ongoing obligations to citizens and creditors.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

At the end of the current fiscal year, the City of Ellsworth is able to report positive balances in all categories of net position except in unrestricted. The governmental activities negative unrestricted net position only represents 3.4% of the total governmental activities net position. The City Council will be addressing this in future budget years to bring unrestricted net position to a positive balance. The business-type activities negative balance is due to the Wastewater's operating history where expenses exceeded revenues that resulted from the construction of a new plant. The City Council has addressed this issue by significantly increasing the user fee rates.

The following schedule is a summary of the statement of activities for the years ended June 30, 2016 and 2015:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2016</u>	<u>2015</u> <u>(restated)</u>	<u>Change</u>	<u>2016</u>	<u>2015</u> <u>(restated)</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,630,486	3,469,290	161,196	2,081,850	2,174,008	(92,158)
Operating grants and contributions	8,149,818	7,737,272	412,546	-	-	-
Capital grants and contributions	320,705	475,750	(155,045)	-	-	-
General revenues:						
Taxes	21,014,611	19,290,101	1,724,510	-	-	-
Intergovernmental	717,360	736,424	(19,064)	-	-	-
Investments	128,304	152,415	(24,111)	24,524	20,700	3,824
All others	352,863	(214,434)	567,297	230,694	226,653	4,041
Total Revenues	34,314,147	31,646,818	2,667,329	2,337,068	2,421,361	(84,293)
Expenses:						
General government	3,747,741	1,901,870	1,845,871	-	-	-
Public safety	2,928,714	2,533,798	394,916	-	-	-
Municipal buildings	280,346	276,817	3,529	-	-	-
Culture and recreation	798,259	765,640	32,619	-	-	-
General assistance	53,225	38,778	14,447	-	-	-
Public works	1,978,275	2,104,003	(125,728)	-	-	-
County tax	424,927	421,450	3,477	-	-	-
Education	20,040,164	18,957,785	1,082,379	-	-	-
Unclassified	585,429	3,937,524	(3,352,095)	-	-	-
Interest on long-term debt	1,375,744	2,352,608	(976,864)	-	-	-
Water and Wastewater	-	-	-	2,815,730	2,252,607	563,123
Total Expenses	32,212,824	33,290,273	(1,077,449)	2,815,730	2,252,607	563,123
Change in net position before special item	2,101,323	(1,643,455)	3,744,778	(478,662)	168,754	(647,416)
Special item:						
Transfer of assets, liabilities, and equity from RSU #24	-	10,850,266	(10,850,266)	-	-	-
Change in net position	2,101,323	9,206,811	(7,105,488)	(478,662)	168,754	(647,416)
Net position, beginning of year - as restated	34,703,731	25,496,920	9,206,811	21,539,293	21,370,539	168,754
Net position, end of year	<u>\$ 36,805,054</u>	<u>34,703,731</u>	<u>2,101,323</u>	<u>21,060,631</u>	<u>21,539,293</u>	<u>(478,662)</u>

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

The cost of all governmental activities was approximately \$32.2 million. As shown on the Statement of Activities, the total amount financed by the City's taxpayers was approximately \$21 million, or 61% of total revenues. Those who directly benefit from an activity provided \$3,630,486 in revenue. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$8,149,818. Capital grants and contributions accounted for \$320,705. All other revenues accounted for \$1,198,527 which includes miscellaneous revenues, intergovernmental revenues not restricted to a specific program, investment earnings, and the transfer to the Wastewater Fund.

Total governmental activities revenues (\$34,314,147) increased by \$2,667,329, or 8.43% over fiscal year 2015. This was driven by growth in property and excise tax revenues, operating grants and contributions, as well as the sale of a City-owned building that brought in almost \$400k in unexpected revenue.

Total governmental activities expenses (\$32,212,824) decreased by \$1,077,449, or 3.2% from fiscal year 2015. This was driven primarily by School Department startup costs in the prior year.

Financial Analysis of the City's Funds - Fund Financial Statements

Governmental funds - The focus of the City of Ellsworth's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which primarily establishes a hierarchy of fund balance classifications based on constraints placed on the use of these accounts. The unassigned General Fund – fund balance of approximately \$3.16 million may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year after assigning the amount needed for fiscal year 2016.

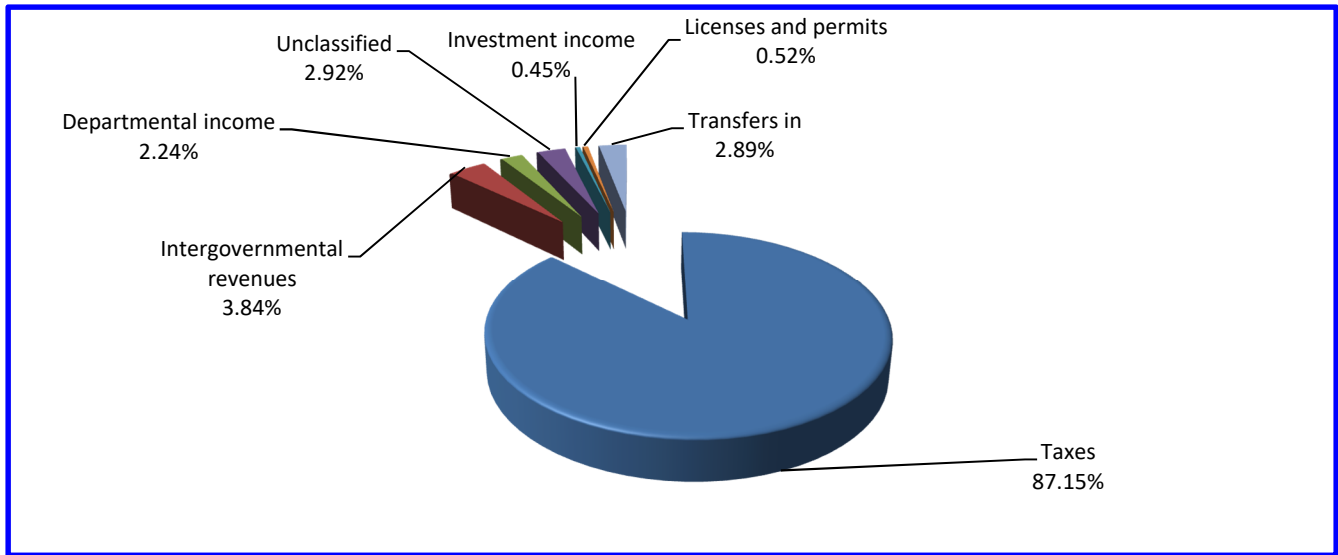
As of the end of the current fiscal year, the City of Ellsworth's governmental funds reported combined ending fund balances of \$3,604,539, an increase of \$12,628. A portion of the fund balance (\$4,927,498) is not available for new spending because it is either in a non-spendable form (\$672,544), has been restricted for special revenues, permanent funds or education (\$2,717,152), or has been assigned to liquidate contracts and purchase orders of the prior period (\$1,537,802).

General Fund - The General Fund is the central operating fund of the City of Ellsworth. As stated earlier, the unassigned General Fund – fund balance as of June 30, 2016 was \$3,158,815 as compared to \$1,622,311 of the previous year, which is an increase of \$1,536,504.

Total expenditures in the General Fund (\$22,644,507, Statement 7), which includes other financing uses, increased by \$174,748, or 0.78%. Total revenues in the General Fund (\$23,949,765 Statement 7), which includes other financing sources, increased from the prior year by \$2,081,661, or 9.6%, mainly due to the increase in the tax levy due to overall increased costs for education and contractual requirements.

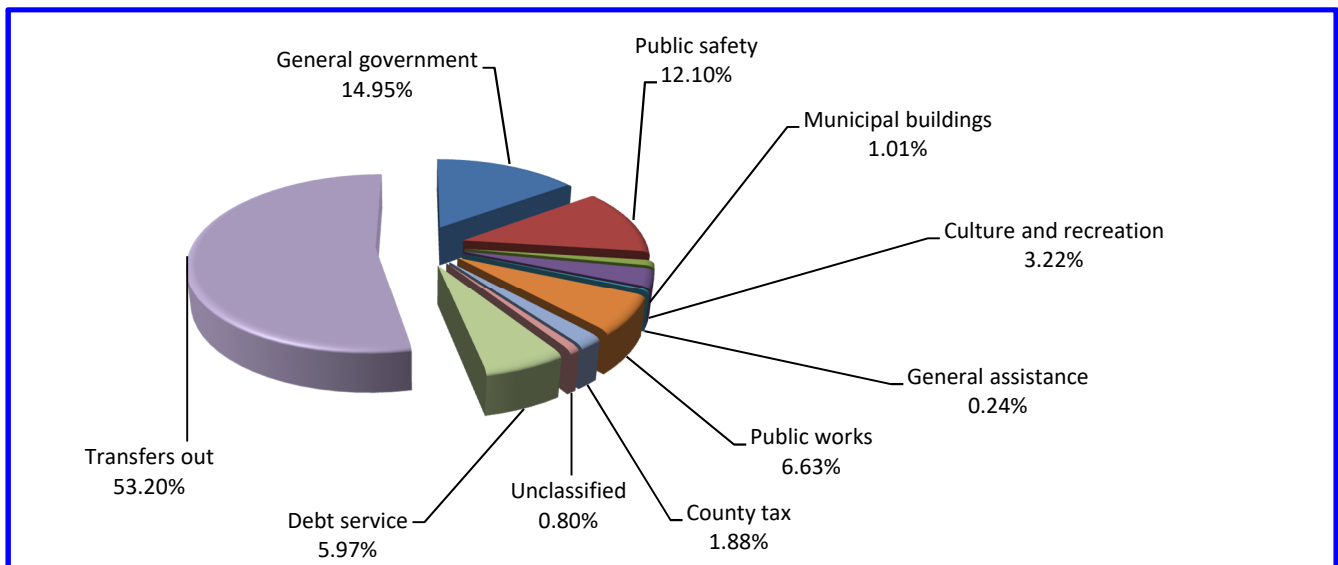
CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

The City's General Fund revenues were as follows (Statement 7):



The largest single source of revenue continues to be the property tax. Tax revenues in total increased by \$1,714,810, or 8.95%, from the prior year. However, the portion of total revenues attributed to tax revenues (87.15%) decreased from the prior year by 0.45%. All other revenues account for 12.85% of total revenues.

The City's General Fund expenditures were as follows (Statement 7):

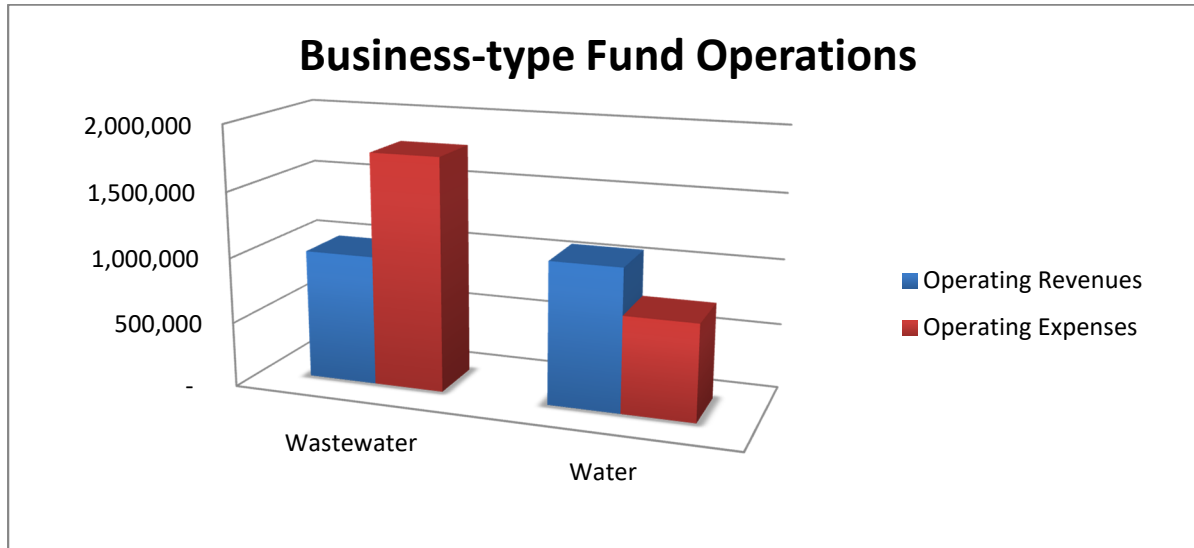


Transfers out account for the largest percentage of total expenditures at 53.20%. This accounts for the City's budgeted education allocation (\$10,801,842), adult education allocation (\$265,551), TIF District allocation (\$791,914), capital projects (\$155,000), and Wastewater fund (\$33,000). Unclassified expenditures account for 0.80% of total expenditures and public safety accounts for 12.10%. Unclassified expenditures as a percentage of total expenditures decreased by 16.13% from the prior year due to the school department's start-up costs paid for by the City. All other expenditure categories comprise 33.9% of total expenditures.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

Business-type Activities

The two funds that are classified as proprietary funds are the Wastewater and Water funds.



Unrestricted net position of the City's Wastewater fund amounted to (\$2,786,238) a decrease of \$558,494. The City's Water fund unrestricted net position amounted to \$1,110,103, a decrease of \$29,707.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$685,911 (Statement 7). This is primarily due to higher-than-expected excise tax revenues, intergovernmental revenues, and the sale of City property.

Actual expenditures exceeded budgeted expenditures by \$263,918 (Statement 7). This is mainly due to the mild winter that Maine experienced which resulted in significant savings on heating fuel, sand, salt, and overtime. Almost all of the other departments/functions were under budget.

The City of Ellsworth has a strong purchase policy to prevent unnecessary departmental over-expenditures. All expenditures are approved by the City Manager and the Finance Committee. Over - expenditures are normally due to overtime and other unavoidable or unanticipated circumstances.

School Operations Fund Budgetary Highlights

Actual revenues were over budget by \$362,152 (Statement 7.1). This was due to additional tuition revenues.

Actual expenditures were under budget by \$833,413 (Statement 7.1). This was due to lower-than-expected costs related to wages and benefits, repairs and maintenance, heating and diesel fuels, and transportation.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

Capital Assets

The City of Ellsworth's capital assets, net of accumulated depreciation, for its governmental activities and business-type activities as of June 30, 2016 amounts to \$70,516,050 and \$33,572,424, respectively. Accumulated depreciation as of June 30, 2016 amounts to \$20,267,428 for governmental activities and \$12,809,391 for business-type activities. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure. The City of Ellsworth maintains a capital improvement fund for the purpose of replacing and acquiring new assets and reconstruction of infrastructure. The City maintains a ten-year capital improvement plan for both governmental and business-type activities for budgetary planning of this fund.

Capital asset additions for governmental activities amounted to \$2,552,863. Major capital asset additions for governmental activities for fiscal year 2016 included road improvements, technology improvements, highway equipment purchases, public safety vehicles and equipment purchases, transfer station upgrades, Harbor upgrades, Knowlton Park project, Moore Community Center project, stormwater collection project and other miscellaneous projects.

Capital asset additions for business-type activities amounted to \$132,060. Most of the additions were attributed to construction in progress and improvements related to the water and wastewater treatment plants.

Additional information on the City's capital assets can be found in Note D of this report.

Long-term Liabilities

At the end of the current fiscal year, the City of Ellsworth had total long-term debt outstanding of \$47,694,335. Of this amount, \$9,007,000 is remaining for road construction projects, Moore Community Center construction, Knowlton Park construction, revaluation, financial software, and fire equipment; \$11,122,395 for business-type activities; and \$27,564,940 for the School Department.

- The City issued \$1,400,000 in additional debt during the year for the development fee shortfall in the Myrick Street area.

All debt is backed by the full faith and credit of the City.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation. The current debt limitation for the City of Ellsworth is \$155,962,500 far exceeding the City's outstanding general obligation debt.

Additional information on the City's long-term liabilities can be found in Note E of this report.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

Economic Factors and Next Year's Budgets and Rates

When creating the budget, the primary objective was to provide City services while at the same time attempting to keep the tax rate low.

The City of Ellsworth is the commercial center for the Downeast Region and is responsible for providing services for Hancock County and parts of Washington County. Our economic base is dependent on providing services and retail sales to the people of these regions and on tourism. Because of this, the City is not dependent on a particular business to maintain its tax base.

The City has been able to see a growing tax base and to experience a stable economy from business development and employment growth. However, there is a fine line between the services demanded and the services the City taxpayers can afford.

According to the 2010 census, the City of Ellsworth was the fastest growing city in the State of Maine. In the past decade, the City grew by 20 percent. The City has worked hard to expand and is always looking for new development opportunities.

Due to the continued uncertainty surrounding the national economy, the City Council and management have been closely following revenues, expenditures, liens, foreclosures, unemployment rates, construction, building permits, and the State of Maine budget projections.

The City continues to monitor the State economic and political climates. Changes in the formulas of State aid to education and municipal revenue sharing, along with other State reimbursement programs, can have an impact on the amount of revenue the City receives, therefore creating a negative impact on the City's budget.

The City continues the planning and economic development for the completion of the City's business park, traffic and housing studies, and upgrades to the City's water mains. Future projects include a continued partnership with the State of Maine DOT in traffic control, continued upgrades to the City's water mains, reconstruction of local roads, the design of a new community park, and the completion of the senior center.

The City of Ellsworth received a rating review by Standard & Poor's and Moody's in August 2015. The City maintained its AA- General Obligation bond rating with Standard and Poor's stating that "the City has a seasonal local economy with a strong commercial presence; a strong, diverse tax base and good wealth and income levels; and low debt burden, net of self-supported enterprise and state-subsidized school debt, coupled with manageable capital needs. Moody's also affirmed its rating of Aa3 based upon "...the City's diverse and growing tax base, manageable debt position, and stable financial operations". The City of Ellsworth is committed to fiscal responsibility, planning, and economic development.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, One City Hall Plaza, Ellsworth, Maine 04605.

BASIC FINANCIAL STATEMENTS

CITY OF ELLSWORTH, MAINE
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,390,396	100	4,390,496
Investments	1,891,014	323,469	2,214,483
Receivables:			
Taxes receivable - current year	59,913	-	59,913
Taxes receivable - prior years	69,045	-	69,045
Tax liens - current year	903,702	-	903,702
Tax liens - prior years	512,790	-	512,790
Accounts receivable	1,853,003	689,420	2,542,423
Internal balances	2,157,021	(2,157,021)	-
Prepaid expenses	26,606	-	26,606
Inventory	9,187	3,900	13,087
Cash restricted for capital projects	-	257,356	257,356
Accounts receivable restricted for capital projects	-	163,715	163,715
Capital assets, not being depreciated	3,922,909	1,693,299	5,616,208
Capital assets, net of accumulated depreciation	66,593,141	31,879,125	98,472,266
Total assets	82,388,727	32,853,363	115,242,090
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - related to pensions	1,141,554	-	1,141,554
Total deferred outflows of resources	1,141,554	-	1,141,554
LIABILITIES			
Accounts payable	805,764	366,085	1,171,849
Accrued liabilities	1,659,299	15,891	1,675,190
Taxes collected in advance	119,257	-	119,257
Escrow deposit	1,700	-	1,700
Bond anticipation note	1,955,400	-	1,955,400
Tax anticipation note	2,500,000	-	2,500,000
Unearned revenue	4,718	-	4,718
Accrued interest	154,480	30,210	184,690
Noncurrent liabilities:			
Due within one year	2,840,928	1,007,314	3,848,242
Due in more than one year	36,478,713	10,373,232	46,851,945
Total liabilities	46,520,259	11,792,732	58,312,991
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - related to pensions	204,968	-	204,968
Total deferred inflows of resources	204,968	-	204,968
NET POSITION			
Net investment in capital assets	33,715,894	22,315,695	56,031,589
Restricted for:			
Permanent funds - Nonexpendable principal	636,751	-	636,751
Capital projects	-	421,071	421,071
Special revenue funds	1,129,358	-	1,129,358
Permanent funds	296,586	-	296,586
Education	1,326,751	-	1,326,751
Unrestricted	(300,286)	(1,676,135)	(1,976,421)
Total net position	\$ 36,805,054	21,060,631	57,865,685

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Activities
For the Year Ended June 30, 2016

Function/Program	Program Revenues				Net (expense) revenue and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business -type activities	
Primary government							
Governmental activities:							
General government	\$ 3,747,741	310,393	26,582	195,660	(3,215,106)	-	(3,215,106)
Public safety	2,928,714	34,370	56,246	7,547	(2,830,551)	-	(2,830,551)
Municipal buildings	280,346	-	-	-	(280,346)	-	(280,346)
Culture and recreation	798,259	68,259	8,360	-	(721,640)	-	(721,640)
General assistance	53,225	-	22,326	-	(30,899)	-	(30,899)
Public works	1,978,275	304,940	180,740	62,000	(1,430,595)	-	(1,430,595)
County tax	424,927	-	-	-	(424,927)	-	(424,927)
Education	20,040,164	2,818,885	7,832,892	-	(9,388,387)	-	(9,388,387)
Investment fees	7,014	-	-	-	(7,014)	-	(7,014)
Unclassified	216,606	93,639	22,672	55,498	(44,797)	-	(44,797)
Capital maintenance	361,809	-	-	-	(361,809)	-	(361,809)
Interest on long-term debt	1,375,744	-	-	-	(1,375,744)	-	(1,375,744)
Total governmental activities	32,212,824	3,630,486	8,149,818	320,705	(20,111,815)	-	(20,111,815)
Business-type activities:							
Wastewater	2,037,459	994,376	-	-	-	(1,043,083)	(1,043,083)
Water	778,271	1,087,474	-	-	-	309,203	309,203
Total business-type activities	2,815,730	2,081,850	-	-	-	(733,880)	(733,880)
Total primary government	\$ 35,028,554	5,712,336	8,149,818	320,705	(20,111,815)	(733,880)	(20,845,695)
General revenues:							
Property taxes, levied for general purposes					\$ 19,293,548	-	19,293,548
Motor vehicle excise taxes					1,592,036	-	1,592,036
Interest and costs on taxes					129,027	-	129,027
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					404,012	-	404,012
Homestead exemption					157,148	-	157,148
Other State aid					156,200	-	156,200
Unrestricted investment earnings					128,304	24,524	152,828
Sale of properties held for resale					561,826	-	561,826
Miscellaneous revenues					21,731	-	21,731
Transfers					(230,694)	230,694	-
Total general revenues and transfers					22,213,138	255,218	22,468,356
Change in net position					2,101,323	(478,662)	1,622,661
Net position, beginning of year, as restated					34,703,731	21,539,293	56,243,024
Net position, end of year	\$ 36,805,054	21,060,631	57,865,685				

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,287,440	-	-	102,956	4,390,396
Investments	1,029,885	-	-	861,129	1,891,014
Receivables:					
Taxes receivable - current year	59,913	-	-	-	59,913
Taxes receivable - prior years	69,045	-	-	-	69,045
Tax liens - current year	903,702	-	-	-	903,702
Tax liens - prior years	512,790	-	-	-	512,790
Accounts receivable	209,717	1,068,846	-	643,254	1,921,817
Prepaid expenditures	250	23,682	-	2,674	26,606
Inventory	-	-	-	9,187	9,187
Interfund receivable	1,811,850	1,912,894	-	1,039,202	4,763,946
Total assets	8,884,592	3,005,422	-	2,658,402	14,548,416
LIABILITIES					
Accounts payable	211,552	242,268	53,283	298,661	805,764
Accrued liabilities	133,216	1,436,403	-	89,680	1,659,299
Taxes collected in advance	119,257	-	-	-	119,257
Escrow deposit	1,700	-	-	-	1,700
Bond anticipation note	-	-	1,955,400	-	1,955,400
Tax anticipation note	2,500,000	-	-	-	2,500,000
Unearned revenue	-	-	-	4,718	4,718
Interfund payable	-	-	1,901,043	774,696	2,675,739
Total liabilities	2,965,725	1,678,671	3,909,726	1,167,755	9,721,877
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,222,000	-	-	-	1,222,000
Total deferred inflows of resources	1,222,000	-	-	-	1,222,000
FUND BALANCES (DEFICIT)					
Nonspendable	250	23,682	-	648,612	672,544
Restricted for:					
Special revenues	-	-	-	1,117,497	1,117,497
Permanent funds	-	-	-	296,586	296,586
Education	-	1,303,069	-	-	1,303,069
Assigned					
General fund	1,537,802	-	-	-	1,537,802
Unassigned					
General fund	3,158,815	-	-	-	3,158,815
Capital projects	-	-	(3,909,726)	-	(3,909,726)
Special revenues	-	-	-	(572,048)	(572,048)
Total fund balances (deficit)	4,696,867	1,326,751	(3,909,726)	1,490,647	3,604,539
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,884,592	3,005,422	-	2,658,402	14,548,416

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 20,871,811	-	-	-	20,871,811
Licenses and permits	123,485	-	-	37,040	160,525
Intergovernmental revenues	920,426	6,129,207	62,000	1,823,720	8,935,353
Departmental income	535,293	-	-	-	535,293
Charges for services	-	2,569,758	-	249,127	2,818,885
Donations and fundraising	-	-	-	113,308	113,308
Other grants	-	-	-	5,150	5,150
Unclassified	699,340	131,825	-	2,247	833,412
Investment income	106,937	-	-	21,367	128,304
Total revenues	23,257,292	8,830,790	62,000	2,251,959	34,402,041
Expenditures					
Current:					
General government	3,386,266	-	-	254,205	3,640,471
Public safety	2,740,256	-	-	43,920	2,784,176
Municipal buildings	229,650	-	-	-	229,650
Culture and recreation	729,051	-	-	65,194	794,245
General assistance	53,225	-	-	-	53,225
Public works	1,500,264	-	-	-	1,500,264
County tax	424,927	-	-	-	424,927
Education	-	15,534,224	-	1,275,331	16,809,555
Maine PERS on-behalf payments	-	951,945	-	-	951,945
Unclassified	181,535	-	-	12,799	194,334
Adult education	-	-	-	270,187	270,187
School lunch	-	-	-	621,101	621,101
Investment fees	-	-	-	7,014	7,014
Debt service:					
Principal	932,992	1,911,781	-	200,000	3,044,773
Interest	419,034	1,037,868	-	-	1,456,902
Capital outlays	-	89,440	2,648,416	127,534	2,865,390
Total expenditures	10,597,200	19,525,258	2,648,416	2,877,285	35,648,159
Excess (deficiency) of revenues over (under) expenditures	12,660,092	(10,694,468)	(2,586,416)	(625,326)	(1,246,118)
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	1,400,000	1,400,000
Capital lease proceeds	-	89,440	-	-	89,440
Transfers in	692,473	10,801,842	-	1,412,822	12,907,137
Transfers out	(12,047,307)	(200,357)	-	(890,167)	(13,137,831)
Total other financing sources (uses)	(11,354,834)	10,690,925	-	1,922,655	1,258,746
Net change in fund balances	1,305,258	(3,543)	(2,586,416)	1,297,329	12,628
Fund balances (deficit), beginning of year, as restated	3,391,609	1,330,294	(1,323,310)	193,318	3,591,911
Fund balances (deficit), end of year	\$ 4,696,867	1,326,751	(3,909,726)	1,490,647	3,604,539

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balances - governmental funds (from Statement 3) \$ 3,604,539

Amounts reported for governmental activities in the statement of net position are different because:

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds, but in the statement of activities, property tax revenue is reported under the accrual method. The balance of unavailable property taxes in the governmental funds is:

1,222,000

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of capital assets, net of accumulated depreciation is:

70,516,050

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term debt and related liabilities at year-end consist of:

Bonds and notes payable	(36,571,940)
Capital leases payable	(71,552)
Premium on bonds payable	(156,664)
Other postemployment benefits	(590,466)
Accrued compensated absences	(544,369)
Accrued interest	(154,480)
Net pension liability with related deferred inflows and outflows	(448,064)

(38,537,535)

Total net position - governmental activities (see Statement 1) \$ 36,805,054

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds (from Statement 4)	\$	12,628
---	----	--------

Amounts reported for governmental activities in the statement of activities are different because:

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds, but in the statement of activities property tax revenue is reported under the accrual method. The current year change in unavailable property tax revenue is reported in the governmental funds and not in the statement of activities.		142,800
--	--	---------

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation expense and the net book value of disposed assets.

Capital asset additions	\$ 2,552,863	
Depreciation expense and net book value of disposed assets	<u>(2,199,538)</u>	
		353,325

Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments (\$3,044,773) exceeded bond proceeds (\$1,400,000).		1,644,773
---	--	-----------

Lease proceeds provide current financial resources to governmental funds, but issuing leases increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which capital lease proceeds (\$89,440) exceeded repayments (\$17,888).		(71,552)
--	--	----------

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in OPEB obligation	(48,059)	
Change in unamortized debt premiums	10,259	
Change in accrued compensated absences	(23,561)	
Change in accrued interest payable	70,899	
Change in net pension liability, with related deferred inflows and outflows	<u>9,811</u>	
		<u>19,349</u>

Change in net position of governmental activities (see Statement 2)	\$	<u>2,101,323</u>
--	-----------	-------------------------

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

For the Year Ended June 30, 2018				
	General Fund			
	Budget			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 20,650,312	20,800,312	20,871,811	71,499
Licenses and permits	124,200	124,200	123,485	(715)
Intergovernmental revenues	863,038	863,038	920,426	57,388
Departmental income	510,360	510,360	535,293	24,933
Unclassified	123,350	193,471	699,340	505,869
Investment income	80,000	80,000	106,937	26,937
Total revenues	22,351,260	22,571,381	23,257,292	685,911
Expenditures				
Current:				
General government	3,239,284	3,439,092	3,386,266	52,826
Public safety	2,684,010	2,822,321	2,740,256	82,065
Municipal buildings	208,217	224,123	229,650	(5,527)
Culture and recreation	851,902	880,388	729,051	151,337
General assistance	49,927	57,457	53,225	4,232
Public works	1,717,847	1,669,021	1,500,264	168,757
County tax	424,927	424,927	424,927	-
Unclassified	91,323	97,678	181,535	(83,857)
Debt service:				
Principal	932,992	932,992	932,992	-
Interest	313,119	313,119	419,034	(105,915)
Total expenditures	10,513,548	10,861,118	10,597,200	263,918
Excess of revenues over expenditures	11,837,712	11,710,263	12,660,092	949,829
Other financing sources (uses)				
Transfers in	692,473	703,973	692,473	(11,500)
Transfers out	(12,580,310)	(12,580,931)	(12,047,307)	533,624
Use of carryforwards	-	116,570	-	(116,570)
Use of fund balance	50,125	50,125	-	(50,125)
Total other financing uses	(11,837,712)	(11,710,263)	(11,354,834)	355,429
Net change in fund balance	-	-	1,305,258	1,305,258
Fund balance, beginning of year, as restated			3,391,609	
Fund balance, end of year			\$ 4,696,867	

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
School Operations Fund
For the Year Ended June 30, 2016

Budgeted Special Revenue Fund				
School Operations Fund				
	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Intergovernmental:				
State EPS allocation	\$ 5,089,588	5,089,588	5,055,557	(34,031)
State agency clients	-	-	121,705	121,705
Other local revenues:				
Tuition	2,175,000	2,175,000	2,569,758	394,758
Miscellaneous	252,105	252,105	131,825	(120,280)
Total revenues	<u>7,516,693</u>	<u>7,516,693</u>	<u>7,878,845</u>	<u>362,152</u>
Expenditures				
Current:				
Regular instruction	5,766,309	5,766,309	5,615,044	151,265
Special education instruction	3,121,941	3,121,941	2,966,857	155,084
Career and technical education	1,133,629	1,133,629	1,064,120	69,509
Other instruction	487,814	487,814	455,303	32,511
Student and staff support	1,677,966	1,677,966	1,534,106	143,860
System administration	503,359	503,359	470,523	32,836
School administration	730,810	730,810	728,320	2,490
Facilities maintenance	2,080,901	2,080,901	1,985,635	95,266
Transportation	865,800	865,800	715,478	150,322
Debt service	2,949,649	2,949,649	2,949,649	-
Total expenditures	<u>19,318,178</u>	<u>19,318,178</u>	<u>18,485,035</u>	<u>833,143</u>
Deficiency of revenues under expenditures	(11,801,485)	(11,801,485)	(10,606,190)	1,195,295
Other financing sources (uses)				
Use of surplus	1,200,000	1,200,000	-	(1,200,000)
Transfer in for local appropriation:				
EPS allocation	8,824,985	8,824,985	8,824,985	-
Additional allocation	1,871,192	1,871,192	1,871,192	-
Local debt service allocation	105,665	105,665	105,665	-
Transfer out	(200,357)	(200,357)	(200,357)	-
Total other financing sources	<u>11,801,485</u>	<u>11,801,485</u>	<u>10,601,485</u>	<u>(1,200,000)</u>
Net change in fund balance - budgetary basis	-	-	(4,705)	(4,705)
Fund balance, beginning of year - budgetary basis			1,582,925	
Fund balance, end of year - budgetary basis			1,578,220	
Reconciliation to GAAP basis:				
Change in accrued teacher summer benefits			1,162	
Fund balance, beginning of year			1,330,294	
Fund balance, end of year			\$ 1,326,751	

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2016

	Wastewater Fund	Water Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	100	100
Investments	323,451	18	323,469
Accounts receivable - trade	391,724	254,786	646,510
Liens receivable	42,910	-	42,910
Inventory	3,900	-	3,900
Interfund receivable	-	973,610	973,610
Total current assets	<u>761,985</u>	<u>1,228,514</u>	<u>1,990,499</u>
Noncurrent assets:			
Restricted:			
Cash restricted for capital projects	257,356	-	257,356
Accounts receivable restricted for capital projects	163,715	-	163,715
Total restricted	<u>421,071</u>	<u>-</u>	<u>421,071</u>
Capital assets:			
Land and easement	-	1,693,299	1,693,299
Capital assets, being depreciated	31,942,916	12,745,600	44,688,516
Accumulated depreciation	(8,692,330)	(4,117,061)	(12,809,391)
Total capital assets, net	<u>23,250,586</u>	<u>10,321,838</u>	<u>33,572,424</u>
Total noncurrent assets	<u>23,671,657</u>	<u>10,321,838</u>	<u>33,993,495</u>
Total assets	<u>24,433,642</u>	<u>11,550,352</u>	<u>35,983,994</u>
LIABILITIES			
Current liabilities:			
Accounts payable	344,951	21,134	366,085
Accrued payroll and related liabilities	8,447	7,444	15,891
Accrued interest	23,183	7,027	30,210
Interfund payable	3,130,631	-	3,130,631
Current portion of bonds and notes payable	606,290	401,024	1,007,314
Total current liabilities	<u>4,113,502</u>	<u>436,629</u>	<u>4,550,131</u>
Noncurrent liabilities:			
Accrued compensated absences	41,011	82,806	123,817
Premium on bonds payable	128,494	-	128,494
Bonds and notes payable	8,636,438	1,484,483	10,120,921
Total noncurrent liabilities	<u>8,805,943</u>	<u>1,567,289</u>	<u>10,373,232</u>
Total liabilities	<u>12,919,445</u>	<u>2,003,918</u>	<u>14,923,363</u>
NET POSITION			
Net investment in capital assets	13,879,364	8,436,331	22,315,695
Restricted for capital projects	421,071	-	421,071
Unrestricted	(2,786,238)	1,110,103	(1,676,135)
Total net position	<u>\$ 11,514,197</u>	<u>9,546,434</u>	<u>21,060,631</u>

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Wastewater Fund	Water Fund	Total
Operating revenues:			
Charges for services	\$ 946,181	1,083,563	2,029,744
Miscellaneous	48,195	3,911	52,106
Total operating revenues	<u>994,376</u>	<u>1,087,474</u>	<u>2,081,850</u>
Operating expenses:			
Personnel	243,822	257,799	501,621
Contract services	290,451	93,362	383,813
Supplies, maintenance and repairs	111,582	79,147	190,729
Utilities	275,282	75,189	350,471
Miscellaneous	336	25,761	26,097
Depreciation	861,187	206,490	1,067,677
Total operating expenses	<u>1,782,660</u>	<u>737,748</u>	<u>2,520,408</u>
Operating income (loss)	(788,284)	349,726	(438,558)
Nonoperating revenues (expenses):			
Interest revenue	24,515	9	24,524
Interest expense	(254,799)	(40,523)	(295,322)
Total nonoperating expenses	<u>(230,284)</u>	<u>(40,514)</u>	<u>(270,798)</u>
Income (loss) before transfers	<u>(1,018,568)</u>	<u>309,212</u>	<u>(709,356)</u>
Transfers:			
Transfers in	257,091	-	257,091
Transfers out	-	(26,397)	(26,397)
Total transfers	<u>257,091</u>	<u>(26,397)</u>	<u>230,694</u>
Change in net position	(761,477)	282,815	(478,662)
Net position, beginning of year, as restated	<u>12,275,674</u>	<u>9,263,619</u>	<u>21,539,293</u>
Net position, end of year	<u>\$ 11,514,197</u>	<u>9,546,434</u>	<u>21,060,631</u>

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Wastewater Fund	Water Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 996,054	1,126,852	2,122,906
Payments to suppliers	(680,684)	(287,998)	(968,682)
Payments to employees	(239,363)	(248,615)	(487,978)
Net cash provided by operating activities	76,007	590,239	666,246
Cash flows from noncapital financing activities:			
Transfers	257,091	(26,397)	230,694
Net change in interfunds	619,954	(2,777)	617,177
Net cash provided by (used in) noncapital financing activities	877,045	(29,174)	847,871
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(14,580)	(117,480)	(132,060)
Principal payments on bonds and notes	(628,110)	(401,532)	(1,029,642)
Interest paid on bonds and notes	(286,993)	(42,060)	(329,053)
Net cash used in capital and related financing activities	(929,683)	(561,072)	(1,490,755)
Cash flows from investing activities:			
Purchase of investments	(44,050)	(2)	(44,052)
Investment income	24,515	9	24,524
Net cash provided by (used in) investing activities	(19,535)	7	(19,528)
Net increase in cash	3,834	-	3,834
Cash and cash equivalents, beginning of year	253,522	100	253,622
Cash and cash equivalents, end of year	<u>\$ 257,356</u>	<u>100</u>	<u>257,456</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (788,284)	349,726	(438,558)
Adjustment to reconcile changes in operating income (loss) to net cash provided by operating activities:			
Depreciation	861,187	206,490	1,067,677
(Increase) decrease in accounts receivable	23,964	39,378	63,342
(Increase) decrease in liens receivable	(22,286)	-	(22,286)
(Increase) decrease in inventory	(702)	-	(702)
Increase (decrease) in accounts payable	(2,331)	(14,539)	(16,870)
Increase (decrease) in accrued liabilities	2,021	1,801	3,822
Net cash provided by operating activities	<u>\$ 76,007</u>	<u>590,239</u>	<u>666,246</u>

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds	Private-purpose Trusts
ASSETS		
Cash and cash equivalents	\$ 114,786	-
Investments	253,638	853,284
Interfund receivable	-	68,814
Total assets	368,424	922,098
LIABILITIES		
Accounts payable	-	1,277
Held for student activities	114,786	-
Held for cemetery association	253,638	-
Total liabilities	368,424	1,277
NET POSITION		
Held in trust	\$ -	920,821

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	<u>Private-purpose Trusts</u>
ADDITIONS	
Interest income	\$ 39,734
Increase (decrease) in investment fair market value	(31,383)
Donations and other	40,630
Total additions	<u>48,981</u>
DEDUCTIONS	
Library expenses	82,075
Total deductions	<u>82,075</u>
Change in net position	(33,094)
Net position, beginning of year	<u>953,915</u>
Net position, end of year	<u>\$ 920,821</u>

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ellsworth, Maine (the City) operates under an elected City Council and City Manager form of government. The City's major operations include public safety, culture and recreation, public works, education and general administrative services. In addition, the City operates water and wastewater systems.

The accounting policies of the City conform to United States generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Financial Reporting Entity

This report includes all funds of the City of Ellsworth, Maine. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointing of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the City of Ellsworth, Maine that should be included as part of these financial statements.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Governmental Activities

Governmental funds are identified as general, special revenue, capital projects, or permanent funds based upon the following guidelines:

The *General Fund* is the operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted or committed to expenditures for specified purposes. The School Operations Fund is considered a special revenue fund of the City.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

Proprietary (Business-type) Activities

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary Funds (not included in Government-wide statements)

The City's fiduciary funds are presented in the fiduciary fund statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Agency Funds are used to account for assets held by the City as an agent for individuals, school groups, private organizations, and/or other government units. *Private Purpose Trust Funds* report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The reporting focus is on net position for agency funds and the changes in net position for private purpose funds; both are reported using accounting principles similar to proprietary funds. The Board of Trustees of the Ellsworth Public Library has sole discretion over the investment and expenditure of the Library Fund private purpose trust.

Major Governmental Funds:

The City reports the General Fund as a major fund. This fund reports the operations of the City, essentially all financial resources and activities of the general government.

The City reports the School Operations Fund as a major fund. This fund reports the operations of the School Department including all financial resources and activities related to education.

The City reports the Capital Projects Fund as a major fund. This fund reports all capital outlays of the City, except for those required to be reported in another fund.

Major Proprietary Funds:

The City reports the Wastewater Fund as a major fund. This fund reports the operations and capital expenditures of the City's sewer system.

The City reports the Water Fund as a major fund. This fund reports the operations and capital expenditures of the City's water supply system.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of cash flows.

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Revenues susceptible to accrual include property taxes, excise and other taxes, intergovernmental revenues, investment income, charges for services, and grants. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value. Pursuant to the City's investment policy, the maturity date of new investments shall not be further than the time the City anticipates that it will need the funds. To maintain liquidity, new investments, excluding reserve and trust investments, shall have a maturity of one year or less for City operating funds.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories (consisting of food and supplies) include the value of government surplus items donated to the School Lunch fund. The costs of all other governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

Prepaid items

Payments made to vendors for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items. The City utilizes the consumption method for prepaid items in which items purchased are recorded as an asset and the recognition of the expenditure is deferred until the period the prepaid item is actually consumed or used.

Capital Assets

In the government-wide financial statements and in proprietary funds in the fund financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Depreciation on all assets is calculated on the straight-line method. Estimated useful lives are as follows: buildings and improvements, 50 years; infrastructure, 25 to 60 years; and vehicles, furniture and equipment, 5 to 20 years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

Long-term Obligations

In the government-wide financial statements and in proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

Budget

Budgets are adopted for the General Fund, School Operations Fund, Water, and Wastewater Proprietary Funds, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as shown below. The level of control (level at which expenditures may not exceed budget) is the Department for the General Fund and Proprietary Funds and the budget cost centers for the School Operations Fund. With Council authorization, mid-year budget adjustments between departments can be made. The School Board may transfer an amount not exceeding 5% of the total appropriation for any budget category without voter approval. The budget as presented reflects these changes. At the close of the fiscal year all unexpended budgetary accounts generally lapse. However, the City can elect to carry forward these unexpended balances to be used towards future capital purchases. These amounts are shown as assigned fund balance in the General Fund at year-end.

Budgetary vs. GAAP Accounting

Through June 30, 2016, the City of Ellsworth, Maine School Department did not budget for expenditures relating to teacher summer benefits on an accrual basis as required by generally accepted accounting principles (GAAP). The following is a reconciliation of the GAAP and budgetary fund balances for the School Operations Fund.

Fund balance - June 30, 2016 - GAAP basis	\$ 1,326,751
<u>Accrued teacher summer benefits</u>	<u>251,469</u>
<u>Total fund balance, June 30, 2016 - budgetary basis</u>	<u>\$ 1,578,220</u>

As required by U.S. generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the City of Ellsworth, Maine School Department. These amounts have not been budgeted in the School Operations Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$951,945. These amounts have been included as an intergovernmental revenue and an education expense/expenditure in the governmental activities on Statement 2 and the School Operations Fund on Statement 4 (GAAP basis).

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Overspent Appropriations

The following appropriations were overspent for the year ended June 30, 2016:

Legal	\$ 4,131
Employee benefits	29,250
City Hall	6,463
School Department start-up costs	12,576
Overlay/abatements	75,150
Debt service - interest	105,915

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of an interfund receivable/payable as appropriate. The interfund receivable/payable balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Revenue Recognition - Property Taxes

The City's property tax for the current year was levied July 31, 2015, on the assessed value listed as of April 1, 2015, for all real and personal property located in the City. Taxes were due September 10, 2015 and March 11, 2016. Interest on unpaid taxes commenced on September 11, 2015 and March 12, 2016, at 5% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as unavailable revenues.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$23,213 for the year ended June 30, 2016.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Government-wide Net Position

Government-wide net position is divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and outstanding debt, and adding back any unspent bond proceeds.

Restricted net position - consists of net position that is restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - All other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- *Nonspendable* - resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed through constitutional provisions or enabling legislation.
- *Committed* - resources which are subject to limitations the government imposes upon itself at its highest level of design making, the City Council, and that remain binding unless removed in the same manner.
- *Assigned* - resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the Council has designated the authority to assign amounts for specific purposes.
- *Unassigned* - resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that can have a positive unassigned balance.

The government's highest level of decision-making authority, City Council, has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Both actions, committing or un-committing fund balance, require the Council to adopt an ordinance prior to year-end. Likewise, management or City Council may assign unspent budgeted amounts to specific purposes in the General Fund at year-end based on department requests. Unlike commitments, assignments do not need formal action to be taken for the removal of an assignment.

It is the City's policy that when both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the City's policy to use committed or assigned resources first, and then unassigned resources as they are needed.

On October 17, 2011, the City adopted a Fund Balance Policy. It is the policy of the City to maintain a minimum unassigned fund balance in its General Fund ranging from 10% to 20% of the previous fiscal year's actual gross expenditures. This minimum fund balance is used to maintain a budget stabilization commitment. Should the fund balance fall below the minimum 10% range, a written plan to replenish the fund balance in a maximum of three fiscal years would be submitted to the City Council for approval as part of the annual budget process. Should the unassigned fund balance of the General Fund exceed the maximum 20% range, the City Council would consider increasing assigned reserves, the City's appropriated contingency account, or the appropriated capital improvement account.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

Under the terms of the City's personnel policies, vacation, and sick leave are granted in varying amounts according to length of service. Employees are entitled to payment for unused vacation and sick leave upon termination or retirement. The City accrues unpaid vacation and sick leave when earned (or estimated to be earned) by the employee in the government-wide financial statements. In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end. The full liability is recorded in the government-wide financial statements.

NOTE B - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2016, the carrying amount of the City's deposits was \$4,762,638 and the bank balance was \$8,713,639. The difference between these balances relates to deposits in transit, outstanding checks, and cash on hand at year-end. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. In accordance with the City's deposit policy on custodial credit risk, all deposits are to be invested with institutions insured by the FDIC. If deposits with these institutions have balances above insurance limits, collateralization agreements are required. At June 30, 2016, none of the City's bank balance was exposed to custodial credit risk as it was either covered by the FDIC or by additional protection purchased on behalf of the City by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 4,390,396
Reported in proprietary funds	257,456
Reported in fiduciary funds	<u>114,786</u>
Total deposits	<u>\$ 4,762,638</u>

Investments

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks, bonds and mutual funds.

Interest Rate Risk

In accordance with the City's investment policy, excluding reserve and trust investments, investment maturities shall be less than one year. At June 30, 2016, the City had the following investments and maturities:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Maturity</u>		
			<u>Less than 1</u> <u>Year</u>	<u>1-5 years</u>	<u>More than</u> <u>5 years</u>
U.S. Government bonds	\$ 1,030,818	-	67,895	682,134	280,789
Corporate bonds	191,162	-	-	179,225	11,937
Common stock	766,265	766,265	-	-	-
Money market	1,038,209	1,038,209	-	-	-
Mutual funds	<u>294,951</u>	<u>294,951</u>	-	-	-
Totals	<u>\$ 3,321,405</u>	<u>2,099,425</u>	<u>67,895</u>	<u>861,359</u>	<u>292,726</u>

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE B - CASH AND INVESTMENTS, CONTINUED

Investments have been reported as follows:

Reported in governmental funds	\$ 1,891,014
Reported in proprietary funds	323,469
Reported in fiduciary funds	<u>1,106,922</u>
Total investments	<u>\$ 3,321,405</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the City's investment policy, credit risk is minimized by only holding investments authorized by State statutes. At June 30, 2016, the City had the following credit quality distribution in corporate bonds:

<u>Standard & Poor Rating</u>	<u>Fair Value</u>
AA	\$ 16,482
AA-	40,542
A+	68,580
A	11,938
A-	<u>53,620</u>
Total corporate bonds	<u>\$ 191,162</u>

Concentration of Credit Risk

In accordance with the City's investment policy, concentration of credit risk is minimized by diversifying investments held. As of June 30, 2016, the City held individually \$222,600 of Camden National Corporation common stock, which represented more than 5% of total investments.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments at June 30, 2016 are level 1 inputs.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE C - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

	Interfund <u>Receivables</u>	Interfund <u>Payables</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 1,811,850	-	692,473	12,047,307
School Operations Fund	1,912,894	-	10,801,842	200,357
Capital Projects Fund	-	1,901,043	-	-
Nonmajor Special Revenue Funds:				
School Grants	-	212,029	-	-
Adult Education	69,226	-	265,551	-
School Lunch Fund	83,913	-	200,357	-
City Grants	308,968	-	-	-
TIF District	-	562,667	791,914	890,167
Union River Center for Innovation	15,380	-	155,000	-
Knowlton Park	535,449	-	-	-
Shellfish Operating	26,266	-	-	-
Enterprise Funds:				
Wastewater Fund	-	3,130,631	257,091	-
Water Fund	973,610	-	-	26,397
Fiduciary funds:				
Private-purpose Trusts	68,814	-	-	-
Totals	\$ 5,806,370	5,806,370	13,164,228	13,164,228

All interfund balances resulted from the City pooling cash in the General Fund for other funds disclosed above, for greater efficiency and physical control, with each fund having an interest in the pooled cash account and reporting its interest in its balance sheet and statement of net position.

Transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE D - CAPITAL ASSETS

A summary of capital asset transactions for the year ended June 30, 2016 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,798,773	-	17,266	2,781,507
Construction in progress	9,528,139	1,274,686	9,661,423	1,141,402
Total capital assets, not being depreciated	12,326,912	1,274,686	9,678,689	3,922,909
Capital assets, being depreciated				
Buildings and improvements	48,658,967	7,169,003	1,149	55,826,821
Vehicles, furniture, and equipment	9,672,113	1,116,724	114,882	10,673,955
Infrastructure	17,705,920	2,653,873	-	20,359,793
Total capital assets, being depreciated	76,037,000	10,939,600	116,031	86,860,569
Less accumulated depreciation for:				
Buildings and improvements	7,748,870	1,178,605	896	8,926,579
Vehicles, furniture, and equipment	4,161,081	615,856	65,231	4,711,706
Infrastructure	6,291,236	337,907	-	6,629,143
Total accumulated depreciation	18,201,187	2,132,368	66,127	20,267,428
Total capital assets, being depreciated, net	57,835,813	8,807,232	49,904	66,593,141
Governmental activities capital assets, net	<u>\$ 70,162,725</u>	<u>10,081,918</u>	<u>9,728,593</u>	<u>70,516,050</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 841,463	-	-	841,463
Conservation easement	851,836	-	-	851,836
Construction in progress	21,128,573	21,703	21,150,276	-
Total capital assets, not being depreciated	22,821,872	21,703	21,150,276	1,693,299
Capital assets, being depreciated				
Wastewater	11,065,321	20,877,594	-	31,942,915
Water	12,362,562	383,039	-	12,745,601
Total capital assets, being depreciated	23,427,883	21,260,633	-	44,688,516
Less accumulated depreciation for:				
Wastewater	7,831,143	861,187	-	8,692,330
Water	3,910,571	206,490	-	4,117,061
Total accumulated depreciation	11,741,714	1,067,677	-	12,809,391
Total capital assets, being depreciated, net	11,686,169	20,192,956	-	31,879,125
Business-type activities capital assets, net	<u>\$ 34,508,041</u>	<u>20,214,659</u>	<u>21,150,276</u>	<u>33,572,424</u>

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE D - CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to the following functions:

Governmental activities:

General government	\$	245,457
Public safety		122,186
Municipal buildings		50,696
Public works		475,082
Culture and recreation		2,961
Education		1,213,714
Unclassified		22,272
Total governmental activities depreciation expense	\$	<u>2,132,368</u>

Business-type activities:

Wastewater	\$	861,187
Water		206,490
Total business-type activities depreciation expense	\$	<u>1,067,677</u>

NOTE E - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
Governmental activities:					<u>One Year</u>
Bonds and notes payable	\$ 38,216,713	1,400,000	3,044,773	36,571,940	2,812,781
Premium on bonds payable	166,923	-	10,259	156,664	10,259
Capital leases payable	-	89,440	17,888	71,552	17,888
Other postemployment benefits	542,407	62,927	14,868	590,466	-
Net pension liability	268,039	1,116,611	-	1,384,650	-
Accrued compensated absences	520,808	43,452	19,891	544,369	-
Total governmental activities	<u>\$ 39,714,890</u>	<u>2,712,430</u>	<u>3,107,679</u>	<u>39,319,641</u>	<u>2,840,928</u>
Business-type activities:					
Bonds and notes payable	\$ 12,157,877	-	1,035,482	11,122,395	1,001,474
Premium on bonds payable	140,174	-	5,840	134,334	5,840
Accrued compensated absences	113,996	9,821	-	123,817	-
Total business-type activities	<u>\$ 12,412,047</u>	<u>9,821</u>	<u>1,041,322</u>	<u>11,380,546</u>	<u>1,007,314</u>

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE E - LONG-TERM LIABILITIES, CONTINUED

Long-term Debt:

At June 30, 2016, bonds and notes payable consisted of the following individual issues:

	<u>Governmental activities</u>	<u>Business-type activities</u>
2006 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$8,486 through April 2025. Non-interest bearing.	\$ -	76,370
2008 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$16,083 through October 2017. Non-interest bearing.	-	32,165
2008 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$14,956 through April 2028. Non-interest bearing.	-	179,472
2009 General Obligation Wastewater Bond with Maine Municipal Bond Bank due in semi-annual principal payments of \$29,843 and administration and management fees of \$16,942 through April 2029. Non-interest bearing. In addition, \$806,266 was forgiven at closing.	-	775,927
2010 General Obligation Bonds due in annual principal payments beginning at \$480,000 plus interest ranging from 2.00% to 2.75% through April 2020.	-	840,000
2010 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$151,500 plus interest at 1% through October 2020.	-	757,500
2010 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$71,985 plus interest ranging from 5.61% to 2.11% through November 2029.	1,007,797	-
2010 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$1,839,796 plus interest at 6% through November 2029.	25,757,143	-
2011 General Obligation Bonds due in annual principal payments ranging from \$185,000 to \$192,000 plus interest ranging from 1.50% to 2.65% through April 2021.	940,000	-

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE E - LONG-TERM LIABILITIES, CONTINUED

	Governmental Activities	Business-type Activities
2011 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments ranging from \$68,507 to \$268,507 plus interest ranging from 0.00% to 1.22% and fees ranging from \$3,446 to \$65,925 through October 2030.	\$ -	2,027,609
2012 General Obligation Note with Bangor Savings Bank due in annual principal payments of \$76,000 plus interest of 1.45% through October 2017.	152,000	-
2012 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$12,256 plus interest of 1% through October 2032. In addition, \$617,680 was forgiven at closing.	-	208,352
2015 General Obligation Bond with BOSC, Inc due in annual principal payments of \$160,000 plus interest ranging from 2.00% to 3.00% through September 2020.	800,000	-
2015 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments ranging from \$259,000 to \$736,000 plus interest ranging from 2.00% to 4.00% through December 2039.	6,515,000	6,225,000
2016 General Obligation Bonds with First National Bank due in annual principal payments ranging from \$125,553 to \$155,157 plus interest of 2.34% through June 2026.	1,400,000	-
Total bonds and notes payable	\$ <u>36,571,940</u>	<u>11,122,395</u>

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE E - LONG-TERM LIABILITIES, CONTINUED

The annual requirements to amortize bonds payable are as follows:

Year ending June 30,	Governmental activities		Business-type activities		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 2,812,781	1,009,296	1,001,474	274,653	5,098,204
2018	2,933,334	930,289	1,001,474	254,451	5,119,548
2019	2,860,495	800,128	985,392	233,986	4,880,001
2020	2,858,549	779,419	985,392	212,997	4,836,357
2021	2,861,609	563,055	775,391	191,745	4,391,800
2022-2026	12,377,889	1,318,317	2,110,972	766,854	16,574,032
2027-2031	8,952,283	248,310	1,912,788	556,807	11,670,188
2032-2036	915,000	62,637	1,324,512	311,195	2,613,344
2037-2040	-	-	1,025,000	81,050	1,106,050
	<u>\$ 36,571,940</u>	<u>5,711,451</u>	<u>11,122,395</u>	<u>2,883,738</u>	<u>56,289,524</u>

Overlapping Debt

The City is contingently responsible for the following overlapping debt as of June 30, 2016:

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Applicable to Ellsworth</u>	<u>Ellsworth's Share of Debt</u>
Hancock County	\$ 900,000	7.96%	\$ 71,640

Other Postemployment Benefits

Under Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* (GASB Statement No. 45), the long term cost of retirement health care and obligations for other postemployment benefits are reported on the accrual basis of accounting in the government-wide financial statements. Under this method, future postemployment benefits are recognized as an expense in the period earned by future retirees. The amount of expense recognized is determined on an actuarial basis and accumulates as a liability to the extent the City does not fund the actuarially required contribution.

Plan Description

The City contributes to the Maine Municipal Employees Health Trust, an agent multiple-employer defined benefit post-retirement healthcare plan that provides health and life insurance to retiring employees. Retirees that are eligible (reach age 55 with 5 years of continuous service) in the plan pay 100% of the coverage premium. MMEHT issues a publicly available financial report that can be obtained by requesting a copy by writing: Employees of Municipal & Other Public Employers of Maine Health Trust, 60 Community Drive, Augusta, ME 04330-9486.

Funding Policy and Annual Other Postemployment Benefits (OPEB) Cost

GASB Statement No. 45 does not mandate the prefunding of the postemployment benefits liability. The City currently plans to fund these benefits on a "pay-as-you-go" basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liabilities of the plan over a period not to exceed thirty years. Calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE E - LONG-TERM LIABILITIES, CONTINUED

The following table shows the components of the City's annual OPEB cost for the years ended June 30, the amounts contributed to the plan and the change in the net OPEB obligation based on an actuarial valuation as of January 1:

Normal cost	\$ 33,828
Amortization of unfunded liability	37,360
Interest	23,106
Adjustment to ARC	<u>(31,367)</u>
Annual required contribution	62,927
City contributions (ARC offset - implicit subsidy)	<u>(14,868)</u>
Increase in net OPEB obligation	48,059
Net OPEB Obligation at beginning of year	<u>542,407</u>
Net OPEB obligation at end of year	<u>\$ 590,466</u>

Net OPEB Obligation – The City's net OPEB obligations were calculated as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPEB liability, July 1	\$ 542,407	492,226	440,729
Annual required contribution	62,927	63,821	64,740
Less: Actual contributions	<u>(14,868)</u>	<u>(13,640)</u>	<u>(13,243)</u>
OPEB Liability, June 30	<u>\$ 590,466</u>	<u>542,407</u>	<u>492,226</u>

Funding Status and Funding Progress

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of OPEB Costs <u>Contributed</u>	Net OPEB <u>Obligation</u>
2014	\$ 64,740	20.46%	\$ 492,226
2015	63,821	21.37%	542,407
2016	62,927	23.63%	590,466

The unfunded actuarial accrued liability as a percentage of covered payroll for the year ended June 30, 2016 is as follows:

Actuarial liability (AL)	\$ 671,867
Actuarial value of plan assets	<u>-</u>
Unfunded accrued liability (UAL)	<u>\$ 671,867</u>
Funded ratio (Actuarial value of plan assets/AL)	<u>0%</u>
Covered payroll	<u>\$ 4,530,028</u>
UAL as a percentage of covered payroll	<u>14.83%</u>

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE E - LONG-TERM LIABILITIES, CONTINUED

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, which is required supplementary information, presents trend information that will show whether the actual value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuation date	January 1, 2014
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level dollar
Remaining amortization period	30 years, open
Actuarial assumptions:	
Investment rate of return	4%
Participation	95.40% of eligible employees
Healthcare cost trend	7.6% for pre-Medicare and 8.7% for Medicare eligible

Maine Public Employees Retirement System (Maine PERS)

Plan Description - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. For SET Plan members, normal retirement age is 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE E - LONG-TERM LIABILITIES, CONTINUED

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 7.5% for the AC plan and 8.5% for the 4C plan of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016, was 7.6% or 8.9% of annual payroll for the AC or 4C plan, respectively. Contributions to the pension plan from the City were \$192,804 for the year ended June 30, 2016.

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016 was 13.38% of annual payroll, of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$267,598 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2016, the City reported a liability of \$1,191,097 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion of the PLD Plan was 0.3733%.

SET Plan - At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 193,553
State's proportionate share of the net pension liability associated with the City	<u>7,461,868</u>
Total	<u>\$ 7,655,421</u>

At June 30, 2015, the City's proportion of the SET Plan was 0.0143%.

For the year ended June 30, 2016, the City recognized pension expense of \$392,554 for the PLD Plan and pension expense of \$856,053 and revenue of \$798,016 for support provided by the State for the SET Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE E - LONG-TERM LIABILITIES, CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	106,228
Changes of assumptions	110,594	-
Net difference between projected and actual earnings on pension plan investments	-	98,740
Changes in proportion and differences between City contributions and proportionate share of contributions	570,558	-
City contributions subsequent to the measurement date	460,402	-
Total	\$ 1,141,554	204,968

\$460,402 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ 156,748
2018	151,802
2019	65,491
2020	102,143

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compound annually	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE E - LONG-TERM LIABILITIES, CONTINUED

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.125% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the PLD Plan and 7.125% for the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125% for the PLD Plan and 6.125% for the SET Plan) or 1 percentage-point higher (8.125% for the PLD Plan and 8.125% for the SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
City's proportionate share of the net pension liability	\$ 2,373,018	\$ 1,191,097	\$ 70,563
<u>SET Plan</u>	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
City's proportionate share of the net pension liability	\$ 338,865	\$ 193,553	\$ 72,524

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2016.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE F - SHORT-TERM LIABILITIES

The City obtained short-term borrowing in the form of a bond anticipation note for capital and infrastructure improvements and a tax anticipation note for immediate cash flow needs. Short-term liability transactions for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
Tax anticipation note	\$ -	2,500,000	-	2,500,000
Bond anticipation note	-	1,955,400	-	1,955,400
	<u>\$ -</u>	<u>4,455,400</u>	<u>-</u>	<u>4,455,400</u>

NOTE G - FUND BALANCES

The General Fund unassigned fund balance total of \$3,158,815 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balances (deficits) totaling (\$3,909,726) and (\$572,048) are also reported for the Capital Projects Fund and several nonmajor special revenue funds, respectively, that have negative fund balances as of June 30, 2016, as shown on Statement 3.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE G - FUND BALANCES, CONTINUED

As of June 30, 2016, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General fund:			
Prepaid expenditures	\$ 250	-	-
Assigned for:			
Administration - training	-	-	3,000
Code enforcement - professional services	-	-	2,000
Planning - LMI study	-	-	5,000
Technology - training	-	-	4,800
Employee benefits - merit raises	-	-	16,192
Highway - salt	-	-	25,000
Highway - gasoline	-	-	20,000
Parks, trees and cemeteries	-	-	4,000
Library - professional services	-	-	8,000
Library - books	-	-	2,183
Library - health insurance for Director	-	-	20,000
Library - capital outlay	-	-	7,200
Library - Capital outlay reserved	-	-	24,714
Misc. City property	-	-	8,716
Encumbrance carryforwards	-	-	244,564
Capital reserves	-	-	782,687
Library operating	-	-	359,746
Total general fund	250	-	1,537,802
School operations fund:			
Prepaid expenditures	23,682	-	-
Education	-	1,303,069	-
Total school operations fund	23,682	1,303,069	-
Other governmental funds:			
School grants - prepaid expenditures	2,674	-	-
School grants	-	66,895	-
Adult education	-	75,443	-
School lunch - inventory	9,187	-	-
School lunch	-	85,669	-
City grants	-	282,193	-
Union River Center for Innovation	-	15,380	-
Conservation easement reserve	-	30,748	-
Knowlton Park	-	535,449	-
Shellfish operating	-	25,720	-
Cemetery fund - principal	551,450	-	-
Cemetery fund - unexpended income	-	87,079	-
Higgins fund - principal	85,301	-	-
Higgins fund - unexpended income	-	209,507	-
Total other governmental funds	648,612	1,414,083	-
Total fund balances	\$ 672,544	2,717,152	1,537,802

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE H - DEFICIT FUND BALANCES

The following funds had deficit fund balance at June 30, 2016:

Capital Projects	\$ 3,909,726
TIF District	562,667

These deficits will be funded with future revenues or transfers from the general fund.

Additionally, within the Nonmajor City Grants Special Revenue Fund, the following grants and programs had deficit fund balances at June 30, 2016:

Assistance to Firefighters Grant	\$ 3,647
BHS Equipment Grant	1,142
CDBG Business Assistance Grant	1,500
Hancock County Byrne JAG Grants	608
Safe Routes to Schools	1,820
Volunteer Fire Assistance Grant	664

These deficits, totaling \$9,381, are shown as unassigned fund balance. However, the Nonmajor City Special Revenue Fund as a whole has a fund balance of \$272,812. The deficits in the fund will be funded with future grant revenues or transfers from the general fund.

NOTE I - TAX INCREMENT FINANCING DISTRICT

Under Maine law, the City has established two Tax Increment Financing District Development Programs.

Beckwith Hill Municipal Development and Financing District

The acquisitions and improvements made by the Development Program will result in an estimated investment of approximately \$19,850,000 creating additional tax base within the City.

The City will make available 67% of the captured tax increment revenues from the District for economic development for the tax years 2009 through 2026. Beginning with the tax year 2027 and continuing through 2031, the amount available will begin at 60% and phase down to 20%. The captured tax increment revenues will be used to fund a municipal development sinking fund account, a municipal project cost account, and a developer project cost account.

During the year ended June 30, 2016, \$791,914 was made available.

Leonard Lake Senior Housing Tax Increment Financing District

The District is an affordable housing district and associated affordable housing program for the District. It was established on October 20, 2011 with an original assessed value of \$789,500 as of March 31, 2011.

The City is authorized to retain as captured assessed value 100% of the increased value beginning in municipal fiscal year 2014 and continuing until municipal fiscal year 2033. Up to 50% of the tax increment revenues from the District claimed by the City as captured assessed value are to be paid to the owner of a 26-unit affordable senior housing project proposed to be developed in the District.

During the year ended June 30, 2016, none was made available.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE J - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the International City Management Association Retirement Corporation (ICMARC) and authority for establishing or amending the Plan's provisions or contribution requirements rests with the City.

The plan, available to all full-time and permanent part-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. For each non-union employee in the pension plan, the City is required to contribute 2.0% to 8.0% of an employee's compensation for the year based on that employee's longevity with the City. For each union employee in the pension plan, the City is required to contribute 7.25% of an employee's compensation for the year. Non-union employees are required to match the City's contribution percentage, but can contribute up to applicable Internal Revenue Code limits. Union employees are required to contribute no less than 6.5% of their annual pay but are permitted to contribute up to applicable Internal Revenue Code limits. For the year ended June 30, 2016, employees contributed \$240,353 and the City's contribution to the deferred compensation plans of its employees was \$199,515.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the City and from any use by the City other than paying benefits to employees and their beneficiaries in accordance with the plan.

Employees are immediately vested in their own contributions and earnings on those contributions. However, the vesting period for City contributions is five years. Employees that terminate employment prior to five years of uninterrupted employment forfeit 100% of City contributions. For the year ended June 30, 2016, \$15,953 was forfeited by employees whose employment was terminated prior to the five-year vesting period.

NOTE K - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City either carries commercial insurance, or is effectively self-insured. Currently, the City carries commercial insurance for any risks of loss to which it may be exposed. Claims have not exceeded the City's insurance coverage in any of the past three years.

Based on the coverage provided by commercial insurance, the City is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2016.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements, Continued

NOTE L – NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net investment in capital assets was calculated as follows at June 30, 2016:

	Governmental activities	Business-type activities
Capital assets, net of depreciation	\$ 70,516,050	33,572,424
Bonds and notes payable	(36,571,940)	(11,122,395)
Capital leases payable	(71,552)	-
Premium on bonds payable	(156,664)	(134,334)
Total net investment in capital assets	\$ 33,715,894	22,315,695

NOTE M – PRIOR PERIOD ADJUSTMENTS

At the end of the prior fiscal year, the City failed to recognize certain expenditures in accounts payable at year-end. In order to recognize these expenditures in the correct fiscal year, the City has opted to record a prior period adjustment to account for these expenditures.

Additionally, a certain project that has been carried in construction in progress was completed in a prior year, but was never removed from construction in progress.

Governmental activities net position and the General Fund's fund balance as of July 1, 2015 have been restated as follows:

	Governmental Activities	General Fund
Net position/fund balance as previously reported	\$ 34,856,520	3,492,106
Close out project improperly recorded in CIP	(52,292)	-
Accounts payable not recorded	(100,497)	(100,497)
Net position/fund balance, as restated	\$ 34,703,731	3,391,609

Business-type activities and Water Fund net position as of July 1, 2015 have been restated as follows:

	Business-type Activities	Water Fund
Net position/fund balance as previously reported	\$ 21,552,893	9,277,219
Accounts payable not recorded	(13,600)	(13,600)
Net position, as restated	\$ 21,539,293	9,263,619

CITY OF ELLSWORTH, MAINE
Required Supplementary Information

Retiree Healthcare Plan
Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) – Entry Age (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2009	1/1/2009	\$ -	937,368	937,368	-	3,716,675	25.22%
2010	1/1/2009	-	937,368	937,368	-	3,353,729	27.95%
2011	1/1/2011	-	904,318	904,318	-	3,339,613	27.08%
2012	1/1/2011	-	904,318	904,318	-	3,683,266	24.55%
2013	1/1/2011	-	904,318	904,318	-	3,479,771	25.99%
2014	1/1/2014	-	671,867	671,867	-	3,990,475	16.84%
2015	1/1/2014	-	671,867	671,867	-	4,158,333	16.16%
2016	1/1/2014	-	671,867	671,867	-	4,530,028	14.83%

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>		
City's proportion of the net pension liability	0.3733%	0.1742%
City's proportionate share of the net pension liability	\$ 1,191,097	268,039
City's covered-employee payroll	2,311,378	1,135,874
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.53%	23.60%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%
<u>SET Plan</u>		
City's proportion of the net pension liability	0.0143%	-
City's proportionate share of the net pension liability	193,553	-
State's proportionate share of the net pension liability associated with the City	7,461,868	-
<u>Total</u>	<u>\$ 7,655,421</u>	<u>-</u>
City's covered-employee payroll	\$ 7,964,228	-
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	2.43%	-
Plan fiduciary net position as a percentage of the total pension liability	81.18%	-

* Only two years of information available

** The amounts presented for each fiscal year were determined as of the prior fiscal year.

*** The School Department joined the City of Ellsworth as of July 1, 2014. As a result, only one year of information is available.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of City Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>			
Contractually required contribution	\$ 192,804	83,371	55,812
Contributions in relation to the contractually required contribution	(192,804)	(83,371)	(55,812)
<u>Contribution deficiency (excess)</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 2,311,378	1,135,874	820,022
Contributions as a percentage of covered- employee payroll	8.34%	7.34%	6.81%
<u>SET Plan</u>			
Contractually required contribution	\$ 267,598	-	-
Contributions in relation to the contractually required contribution	(267,598)	-	-
<u>Contribution deficiency (excess)</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 7,964,228	-	-
Contributions as a percentage of covered- employee payroll	3.36%	-	-

* Only three years of information available for the PLD Plan and one year for the SET Plan.

CITY OF ELLSWORTH, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms - None

Changes of Assumptions - The discount rate was decreased from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation for the PLD Plan, and the cost of the living benefit increase assumption was changed from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation for the PLD Plan. There were no changes of assumption for the SET Plan from the 2014 valuation to the 2015 valuation.

GENERAL FUND

CITY OF ELLSWORTH, MAINE
Comparative Balance Sheets - General Fund
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 4,287,440	1,182,463
Investments	1,029,885	1,023,532
Receivables:		
Taxes receivable - current year	59,913	56,364
Taxes receivable - prior years	69,045	46,322
Tax liens - current year	903,702	903,965
Tax liens - prior years	512,790	456,661
Accounts receivable	209,717	291,318
Prepaid expenditures	250	-
Interfund receivable	1,811,850	929,080
Total assets	<u>8,884,592</u>	<u>4,889,705</u>
LIABILITIES		
Accounts payable	211,552	109,425
Accrued liabilities	133,216	95,766
Taxes collected in advance	119,257	111,508
Escrow deposit	1,700	1,700
Tax anticipation note	2,500,000	-
Total liabilities	<u>2,965,725</u>	<u>318,399</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,222,000	1,079,200
Total deferred inflows of resources	<u>1,222,000</u>	<u>1,079,200</u>
FUND BALANCES		
Nonspendable	250	-
Assigned	1,537,802	1,869,795
Unassigned	3,158,815	1,622,311
Total fund balances	<u>4,696,867</u>	<u>3,492,106</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,884,592</u>	<u>4,889,705</u>

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2016

	Budget			Variance with final budget positive (negative)	2015 Actual
	Original	Final	Actual		
Revenues					
Taxes:					
Property taxes	\$ 19,232,312	19,232,312	19,150,748	(81,564)	17,548,575
Supplemental	-	-	-	-	139
Boat excise	13,000	13,000	13,976	976	11,857
Auto excise	1,300,000	1,450,000	1,578,060	128,060	1,461,701
Interest on taxes	70,000	70,000	85,920	15,920	88,975
Lien costs and notices	35,000	35,000	43,107	8,107	45,754
Total taxes	20,650,312	20,800,312	20,871,811	71,499	19,157,001
Licenses and permits:					
City clerk fees	25,000	25,000	26,519	1,519	24,750
Motor vehicle fees	20,000	20,000	22,730	2,730	19,142
State and City licenses	10,000	10,000	10,180	180	12,574
Animal control fees	1,500	1,500	1,032	(468)	952
Dog fees	500	500	1,475	975	800
Building permits and maps	35,000	35,000	33,716	(1,284)	33,549
Shellfish revenues	3,200	3,200	3,200	-	3,200
Electrical permits	12,000	12,000	6,543	(5,457)	7,586
Planning Board fees	5,000	5,000	5,085	85	6,680
Plumbing permit fees	12,000	12,000	13,005	1,005	9,235
Total licenses and permits	124,200	124,200	123,485	(715)	118,468
Intergovernmental revenues:					
Urban rural initiative program	185,000	185,000	180,740	(4,260)	177,936
State revenue sharing	355,488	355,488	404,012	48,524	371,336
Tree growth reimbursement	90,000	90,000	89,397	(603)	95,958
Veterans reimbursement	5,000	5,000	6,399	1,399	6,045
Homestead exemption	157,148	157,148	157,148	-	150,795
BETE reimbursement	50,402	50,402	50,560	158	39,341
Snowmobile refund	1,000	1,000	1,582	582	1,417
Welfare reimbursement	12,000	12,000	22,326	10,326	14,316
Park fee share	7,000	7,000	8,262	1,262	11,589
SAFER grant	-	-	-	-	56,743
Total intergovernmental revenues	863,038	863,038	920,426	57,388	925,476

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund, Continued
For the Year Ended June 30, 2016

	Budget			Variance with final budget positive (negative)	2015 Actual
	Original	Final	Actual		
Departmental income:					
Highway department	\$ 5,000	5,000	27,121	22,121	3,324
Water supply protection	4,600	4,600	-	(4,600)	-
Fire department	10,000	10,000	13,821	3,821	12,446
Financial services income	32,100	32,100	32,000	(100)	32,000
Police department	18,000	18,000	17,549	(451)	13,385
Dispatch services	1,500	1,500	3,000	1,500	-
Recycling	35,000	35,000	25,140	(9,860)	21,546
Mooring and docking fees	23,060	23,060	56,599	33,539	22,873
Solid waste billings	45,000	45,000	33,643	(11,357)	46,880
Solid waste miscellaneous	30,600	30,600	32,920	2,320	26,652
Resident stickers	195,000	195,000	186,116	(8,884)	145,241
Technology	49,500	49,500	39,125	(10,375)	42,250
Library	60,000	60,000	67,159	7,159	54,709
Recreation	1,000	1,000	1,100	100	1,200
Total departmental income	510,360	510,360	535,293	24,933	422,506
Unclassified:					
District court fees	7,500	7,500	3,550	(3,950)	1,993
Alewife sales	20,000	20,000	21,618	1,618	14,522
Cable TV franchise	65,000	65,000	70,176	5,176	67,940
Payment in lieu of taxes	17,000	17,000	20,234	3,234	18,566
Building rental	100	100	-	(100)	125
Photocopies	250	250	205	(45)	94
Sale of surplus property	-	-	9,298	9,298	20
Sale of City property	13,000	83,121	552,528	469,407	24,380
Miscellaneous	500	500	21,731	21,231	12,219
Total unclassified	123,350	193,471	699,340	505,869	139,859
Investment income	80,000	80,000	106,937	26,937	119,513
Total revenues	22,351,260	22,571,381	23,257,292	685,911	20,882,823

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund, Continued
For the Year Ended June 30, 2016

	Budget			Variance with final budget positive (negative)	2015 Actual
	Original	Final	Actual		
Expenditures					
General government:					
Legislative	\$ 20,300	25,868	24,213	1,655	21,228
Administration	155,317	156,517	142,528	13,989	172,325
City clerk	83,499	87,499	87,354	145	81,901
Finance and tax collector	326,074	363,151	362,709	442	295,250
Assessment	113,712	115,456	113,288	2,168	109,901
Code enforcement	112,420	115,038	112,410	2,628	108,763
Planning	105,189	111,477	106,891	4,586	108,142
Legal	42,000	62,000	66,131	(4,131)	48,809
Elections	16,856	16,856	15,125	1,731	9,708
Economic development	162,424	168,840	157,981	10,859	167,477
Technology	260,958	260,561	240,859	19,702	223,301
Joint office services	71,500	71,500	62,486	9,014	81,114
Insurance	81,370	81,370	76,177	5,193	77,866
Employee benefits	1,631,366	1,734,660	1,764,180	(29,520)	1,529,922
Miscellaneous	56,299	68,299	53,934	14,365	109,100
Total general government	3,239,284	3,439,092	3,386,266	52,826	3,144,807
Public safety:					
Police department	1,138,904	1,217,093	1,178,930	38,163	1,083,344
Fire department	918,558	967,470	928,642	38,828	878,447
Dispatching	206,548	216,548	214,023	2,525	210,333
Hydrant rental	312,000	312,000	312,000	-	312,000
Street lights	85,000	85,000	82,674	2,326	68,034
Traffic signals	23,000	24,210	23,987	223	22,046
Total public safety	2,684,010	2,822,321	2,740,256	82,065	2,574,204
Municipal buildings:					
City Hall	180,667	181,867	188,330	(6,463)	190,991
Miscellaneous city property	27,550	42,256	41,320	936	35,709
Total municipal buildings	208,217	224,123	229,650	(5,527)	226,700

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund, Continued
For the Year Ended June 30, 2016

	Budget			Variance with final budget positive (negative)	2015 Actual
	Original	Final	Actual		
Culture and recreation:					
Recreation	\$ 131,400	133,583	131,496	2,087	121,986
Library	720,502	746,805	597,555	149,250	635,331
Total culture and recreation	851,902	880,388	729,051	151,337	757,317
General assistance	49,927	57,457	53,225	4,232	38,778
Public works:					
Public works	1,234,473	1,191,929	1,055,913	136,016	1,235,531
Public works garage	34,500	32,000	29,255	2,745	33,993
Solid waste disposal	371,181	362,981	352,997	9,984	310,423
Parks trees and cemeteries	29,500	37,000	25,975	11,025	21,773
Water supply commission	48,193	45,111	36,124	8,987	34,505
Total public works	1,717,847	1,669,021	1,500,264	168,757	1,636,225
County tax	424,927	424,927	424,927	-	421,450
Unclassified:					
Ellsworth Harbor	49,060	55,415	54,512	903	37,689
Health and social services	16,250	16,250	13,700	2,550	16,250
Historical preservation	800	800	384	416	356
Historical society	2,000	2,000	2,000	-	116
School department start-up costs	-	-	12,576	(12,576)	2,173,799
Overlay/abatements	23,213	23,213	98,363	(75,150)	46,395
Total unclassified	91,323	97,678	181,535	(83,857)	2,274,605
Debt service:					
Principal	932,992	932,992	932,992	-	661,537
Interest	313,119	313,119	419,034	(105,915)	20,076
Total debt service	1,246,111	1,246,111	1,352,026	(105,915)	681,613
Total expenditures	10,513,548	10,861,118	10,597,200	263,918	11,755,699
Excess of revenues over expenditures	11,837,712	11,710,263	12,660,092	949,829	9,127,124

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund, Continued
For the Year Ended June 30, 2016

	Budget			Variance with final budget positive (negative)	2015 Actual
	Original	Final	Actual		
Other financing sources (uses)					
Transfers in:					
TIF District	666,076	666,076	666,076	-	165,460
Capital reserve funds	-	11,500	-	(11,500)	-
Water Fund	26,397	26,397	26,397	-	-
Total transfers in	<u>692,473</u>	<u>703,973</u>	<u>692,473</u>	<u>(11,500)</u>	<u>165,460</u>
Transfer out:					
Wastewater Fund	-	-	(33,000)	(33,000)	-
TIF District	(789,684)	(789,684)	(791,914)	(2,230)	(572,002)
School operations	(10,801,842)	(10,801,842)	(10,801,842)	-	(9,942,048)
Adult education	(265,551)	(265,551)	(265,551)	-	(200,000)
Special revenues	-	-	(155,000)	(155,000)	-
Capital projects	<u>(723,233)</u>	<u>(723,854)</u>	<u>-</u>	<u>723,854</u>	<u>-</u>
Total transfers out	<u>(12,580,310)</u>	<u>(12,580,931)</u>	<u>(12,047,307)</u>	<u>533,624</u>	<u>(10,714,050)</u>
Issuance of long-term debt	-	-	-	-	800,000
Premium on issuance of long-term debt	-	-	-	-	19,821
Use of carryforwards	-	116,570	-	(116,570)	-
Use of fund balance	<u>50,125</u>	<u>50,125</u>	<u>-</u>	<u>(50,125)</u>	<u>-</u>
	<u>50,125</u>	<u>166,695</u>	<u>-</u>	<u>(166,695)</u>	<u>819,821</u>
Total other financing uses	<u>(11,837,712)</u>	<u>(11,710,263)</u>	<u>(11,354,834)</u>	<u>355,429</u>	<u>(9,728,769)</u>
Net change in fund balance	-	-	1,305,258	1,305,258	(601,645)
Fund balance, beginning of year, as restated			<u>3,391,609</u>		
Fund balance, end of year			<u>\$ 4,696,867</u>		

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 30,748	72,208	102,956
Investments	-	861,129	861,129
Accounts receivable	643,254	-	643,254
Prepaid expenditures	2,674	-	2,674
Inventory	9,187	-	9,187
Interfund receivable	1,039,202	-	1,039,202
Total assets	<u>1,725,065</u>	<u>933,337</u>	<u>2,658,402</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	298,661	-	298,661
Accrued liabilities	89,680	-	89,680
Unearned revenue	4,718	-	4,718
Interfund payable	774,696	-	774,696
Total liabilities	<u>1,167,755</u>	<u>-</u>	<u>1,167,755</u>
Fund balances			
Nonspendable	11,861	636,751	648,612
Restricted	1,117,497	296,586	1,414,083
Unassigned	(572,048)	-	(572,048)
Total fund balances	<u>557,310</u>	<u>933,337</u>	<u>1,490,647</u>
Total liabilities and fund balances	<u>\$ 1,725,065</u>	<u>933,337</u>	<u>2,658,402</u>

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Licenses and permits	\$ 37,040	-	37,040
Intergovernmental revenues	1,823,720	-	1,823,720
Charges for services	249,127	-	249,127
Donations and fundraising	113,308	-	113,308
Other grants	5,150	-	5,150
Unclassified	2,247	-	2,247
Investment income	2,356	19,011	21,367
Total revenues	<u>2,232,948</u>	<u>19,011</u>	<u>2,251,959</u>
Expenditures:			
Current			
General government	254,205	-	254,205
Public safety	43,920	-	43,920
Culture and recreation	65,194	-	65,194
Unclassified	-	12,799	12,799
Education	1,275,331	-	1,275,331
Adult education	270,187	-	270,187
School lunch	621,101	-	621,101
Investment fees	-	7,014	7,014
Debt service	200,000	-	200,000
Capital outlay	127,534	-	127,534
Total expenditures	<u>2,857,472</u>	<u>19,813</u>	<u>2,877,285</u>
Deficiency of revenues under expenditures	(624,524)	(802)	(625,326)
Other financing sources (uses)			
Issuance of long-term debt	1,400,000	-	1,400,000
Transfers in	1,412,822	-	1,412,822
Transfers out	(890,167)	-	(890,167)
Total other financing sources	<u>1,922,655</u>	<u>-</u>	<u>1,922,655</u>
Net change in fund balances	1,298,131	(802)	1,297,329
Fund balances (deficit), beginning of year	<u>(740,821)</u>	<u>934,139</u>	<u>193,318</u>
Fund balances, end of year	<u>\$ 557,310</u>	<u>933,337</u>	<u>1,490,647</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF District	Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
ASSETS										
Cash and cash equivalents	\$ -	-	-	-	-	-	30,748	-	-	30,748
Accounts receivable	472,637	20,676	16,382	133,514	-	-	-	-	45	643,254
Prepaid expenditures	2,674	-	-	-	-	-	-	-	-	2,674
Inventory	-	-	9,187	-	-	-	-	-	-	9,187
Interfund receivable	-	69,226	83,913	308,968	-	15,380	-	535,449	26,266	1,039,202
Total assets	<u>475,311</u>	<u>89,902</u>	<u>109,482</u>	<u>442,482</u>	<u>-</u>	<u>15,380</u>	<u>30,748</u>	<u>535,449</u>	<u>26,311</u>	<u>1,725,065</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	122,705	1,069	4,877	169,670	-	-	-	-	340	298,661
Accrued liabilities	71,008	13,390	5,031	-	-	-	-	-	251	89,680
Unearned revenue	-	-	4,718	-	-	-	-	-	-	4,718
Interfund payable	<u>212,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>562,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>774,696</u>
Total liabilities	<u>405,742</u>	<u>14,459</u>	<u>14,626</u>	<u>169,670</u>	<u>562,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591</u>	<u>1,167,755</u>
Fund balances (deficits)										
Nonspendable	2,674	-	9,187	-	-	-	-	-	-	11,861
Restricted	66,895	75,443	85,669	282,193	-	15,380	30,748	535,449	25,720	1,117,497
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,381)</u>	<u>(562,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(572,048)</u>
Total fund balances (deficits)	<u>69,569</u>	<u>75,443</u>	<u>94,856</u>	<u>272,812</u>	<u>(562,667)</u>	<u>15,380</u>	<u>30,748</u>	<u>535,449</u>	<u>25,720</u>	<u>557,310</u>
Total liabilities and fund balances	<u>\$ 475,311</u>	<u>89,902</u>	<u>109,482</u>	<u>442,482</u>	<u>-</u>	<u>15,380</u>	<u>30,748</u>	<u>535,449</u>	<u>26,311</u>	<u>1,725,065</u>

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF District	Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
Revenues:										
Licenses and permits	\$ -	-	-	-	-	-	-	-	37,040	37,040
Intergovernmental revenues	1,269,888	-	296,247	236,585	-	-	-	-	21,000	1,823,720
Charges for services	-	49,024	200,103	-	-	-	-	-	-	249,127
Donations and fundraising	-	-	-	52,810	-	5,000	-	55,498	-	113,308
Other grants	5,150	-	-	-	-	-	-	-	-	5,150
Unclassified	-	575	-	1,672	-	-	-	-	-	2,247
Investment income	-	-	-	-	-	-	458	1,898	-	2,356
Total revenues	<u>1,275,038</u>	<u>49,599</u>	<u>496,350</u>	<u>291,067</u>	<u>-</u>	<u>5,000</u>	<u>458</u>	<u>57,396</u>	<u>58,040</u>	<u>2,232,948</u>
Expenditures:										
Current										
General government	-	-	-	237,119	-	17,086	-	-	-	254,205
Public safety	-	-	-	43,920	-	-	-	-	-	43,920
Culture and recreation	-	-	-	55	-	-	-	-	65,139	65,194
Education	1,275,331	-	-	-	-	-	-	-	-	1,275,331
Adult education	-	270,187	-	-	-	-	-	-	-	270,187
School lunch	-	-	621,101	-	-	-	-	-	-	621,101
Debt service	-	-	-	200,000	-	-	-	-	-	200,000
Capital outlay	-	-	-	-	-	127,534	-	-	-	127,534
Total expenditures	<u>1,275,331</u>	<u>270,187</u>	<u>621,101</u>	<u>481,094</u>	<u>-</u>	<u>144,620</u>	<u>-</u>	<u>-</u>	<u>65,139</u>	<u>2,857,472</u>
Excess (deficiency) of revenues over (under) expenditures	(293)	(220,588)	(124,751)	(190,027)	-	(139,620)	458	57,396	(7,099)	(624,524)
Other financing sources (uses)										
Issuance of long-term debt	-	-	-	1,400,000	-	-	-	-	-	1,400,000
Transfers in	-	265,551	200,357	-	791,914	155,000	-	-	-	1,412,822
Transfers out	-	-	-	-	(890,167)	-	-	-	-	(890,167)
Total other financing sources (uses)	<u>-</u>	<u>265,551</u>	<u>200,357</u>	<u>1,400,000</u>	<u>(98,253)</u>	<u>155,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,922,655</u>
Net change in fund balances	(293)	44,963	75,606	1,209,973	(98,253)	15,380	458	57,396	(7,099)	1,298,131
Fund balances (deficits), beginning of year	<u>69,862</u>	<u>30,480</u>	<u>19,250</u>	<u>(937,161)</u>	<u>(464,414)</u>	<u>-</u>	<u>30,290</u>	<u>478,053</u>	<u>32,819</u>	<u>(740,821)</u>
Fund balances (deficits), end of year	<u>\$ 69,569</u>	<u>75,443</u>	<u>94,856</u>	<u>272,812</u>	<u>(562,667)</u>	<u>15,380</u>	<u>30,748</u>	<u>535,449</u>	<u>25,720</u>	<u>557,310</u>

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Special Revenue Funds
City Grants
For the Year Ended June 30, 2016

	Fund Balances (Deficits) beginning of year	Revenues Inter- governmental	Other	Expenditures	Other financing sources (uses)	Fund Balances (Deficits) end of year
Assistance to Firefighters Grant	\$ (3,647)	-	-	-	-	(3,647)
Bangor Hydro Pole	5,000	-	-	-	-	5,000
BHS Equipment Grant	(8,689)	7,547	-	-	-	(1,142)
Branch Lake Access Imp Grant	1,014	-	-	-	-	1,014
Broadband	-	195,660	21,500	172,767	-	44,393
Bulletproof Vest Grant	2,091	850	-	-	-	2,941
CDBG Business Assistance Grant	(1,500)	-	-	-	-	(1,500)
Development Fees	(1,189,945)	-	1,672	200,000	1,400,000	11,727
EFD/SHHC Convention	9,757	-	-	-	-	9,757
Enviro Grant	170,083	-	-	64,352	-	105,731
Façade Grant	3,168	-	-	-	-	3,168
Fire Training Grant	564	-	-	-	-	564
Fire Training Site	41,510	-	26,168	23,688	-	43,990
Fireworks Donations	326	-	5,060	-	-	5,386
Hancock County Byrne JAG Grants	(5,094)	10,518	-	6,032	-	(608)
Homeland Security Grants	7,320	-	-	-	-	7,320
K-9 Program	4,185	2,000	-	-	-	6,185
Lakes Environment Grant	7,425	3,300	-	-	-	10,725
Maine Community Foundation	155	-	-	55	-	100
OUI Grant	1,128	1,551	-	1,551	-	1,128
Rails with Trail Connector	4,550	-	-	-	-	4,550
Safe Routes to School	(1,820)	-	-	-	-	(1,820)
Safety Grant	2,000	-	-	-	-	2,000
Seatbelt Grant	5,123	1,880	-	-	-	7,003
Speed Grant	7,144	10,763	-	12,649	-	5,258
Supplemental Environmental Program	3,323	-	-	-	-	3,323
Fish and Wildlife	50	-	-	-	-	50
Volunteer Fire Assistance Grant	(3,180)	2,516	-	-	-	(664)
Wellness Grant	798	-	82	-	-	880
	\$ (937,161)	236,585	54,482	481,094	1,400,000	272,812

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Special Revenue Funds
School Grants
For the Year Ended June 30, 2016

	Fund Balances, beginning of year	Revenues Inter- governmental	Other	Expenditures	Fund Balances, end of year
Federal programs:					
Title I - SIG	\$ -	148,597	-	148,597	-
Title IA	-	338,480	-	338,480	-
CIPS - FF	-	10,937	-	10,937	-
Local Entitlement	-	354,415	-	354,415	-
Local Entitlement - Preschool	-	3,532	-	3,532	-
Title VI - Rural and Low Income	-	17,468	-	17,468	-
Title IIA	-	50,074	-	50,074	-
Title IC - Perkins	-	99,285	-	99,285	-
Total federal programs	-	1,022,788	-	1,022,788	-
Other programs:					
ConnectME	12	-	-	-	12
EHS 15 Minute Grant	11,989	-	150	2,581	9,558
MELMAC	2,334	13,839	-	15,266	907
CTE MELMAC	-	10,512	-	4,522	5,990
Walking School Bus	75	-	5,000	2,252	2,823
CTE Program Update Grant	-	30,992	-	30,980	12
CTE Early College Grant	53,262	131,502	-	140,633	44,131
Maine College Transitions Grant	-	14,248	-	14,248	-
Proficiency Based Education	2,190	15,086	-	15,498	1,778
PEPG Grant	-	4,600	-	242	4,358
Adult Education IET Grant	-	26,321	-	26,321	-
Total other programs	69,862	247,100	5,150	252,543	69,569
Total	\$ 69,862	1,269,888	5,150	1,275,331	69,569

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2016

	Cemetery Fund	Higgins Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	72,208	72,208
Investments	638,529	222,600	861,129
Total assets	\$ 638,529	294,808	933,337
FUND BALANCES			
Nonspendable	551,450	85,301	636,751
Restricted	87,079	209,507	296,586
Total fund balances	\$ 638,529	294,808	933,337

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Permanent Funds
For the Year Ended June 30, 2016

	Cemetery Fund	Higgins Fund	Total
Revenues:			
Investment income:			
Interest income	\$ 16,321	6,395	22,716
Realized and unrealized gain (loss) on investments	(21,195)	17,490	(3,705)
Total revenues	(4,874)	23,885	19,011
Expenditures:			
Investment fees	7,014	-	7,014
Unclassified	12,799	-	12,799
Total expenditures	19,813	-	19,813
Net change in fund balances	(24,687)	23,885	(802)
Fund balance, beginning of year	663,216	270,923	934,139
Fund balance, end of year	\$ 638,529	294,808	933,337

FIDUCIARY FUNDS

AGENCY FUNDS

CITY OF ELLSWORTH, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Funds
For the Year Ended June 30, 2016

	Balance			Balance
	June 30, 2015	Additions	Deletions	June 30, 2016
ASSETS				
Cash and cash equivalents:				
Student activities:				
Ellsworth High School	\$ 42,352	237,288	248,790	30,850
Ellsworth Middle School	39,520	71,068	68,679	41,909
Ellsworth Elementary School	6,314	9,799	9,113	7,000
Hancock County Technical Center	14,565	64,040	66,432	12,173
Adult education	13,815	54,417	45,378	22,854
Investments:				
Cemetery association	263,445	14,732	24,539	253,638
Total assets	<u>380,011</u>	<u>451,344</u>	<u>462,931</u>	<u>368,424</u>
LIABILITIES				
Held for student activities:				
Ellsworth High School	42,352	237,288	248,790	30,850
Ellsworth Middle School	39,520	71,068	68,679	41,909
Ellsworth Elementary School	6,314	9,799	9,113	7,000
Hancock County Technical Center	14,565	64,040	66,432	12,173
Adult education	13,815	54,417	45,378	22,854
Held for cemetery association	263,445	14,732	24,539	253,638
Total liabilities	<u>\$ 380,011</u>	<u>451,344</u>	<u>462,931</u>	<u>368,424</u>

SCHEDULES

CITY OF ELLSWORTH, MAINE
Schedule of Capital Projects
For the Year Ended June 30, 2016

Project

Road improvements	\$ 558,874
City Hall improvements	3,290
Information technology	3,063
Highway equipment	326,207
Police cruiser	74,755
Fire equipment	515,060
Grant application funds	950
Transfer station	69,335
Police equipment replacement	5,527
Water treatment plant	8,457
Knowlton Park design	1,320
Moore Community Center project	99,151
Beechland Road project	214,872
Stormwater data collection	65,980
Council projects	21,885
Senior housing study	17,675
Knowlton Park project	587,839
Plotter	10,000
Computer replacement	959
Fire software	10,235
Network storage	10,000
Server replacement	3,183
Harbor capital improvements	<u>39,799</u>

Total capital project fund capital outlays \$ 2,648,416

CITY OF ELLSWORTH, MAINE
Schedule of Changes in Assigned Fund Balances
General Fund - Capital Reserve Funds
For the Year Ended June 30, 2016

	Fund Balances, beginning of year	Additions	Reductions	Transfer in (out)	Fund Balances, end of year
General	\$ 224,040	10,056	6,390	(33,000)	194,706
Industrial Park	1,301	62	10	-	1,353
City Hall	76,061	3,558	721	-	78,898
Highway equipment	37,866	1,770	374	-	39,262
School district	5,335	529	34	-	5,830
Employee benefits	61,746	2,888	589	-	64,045
Jump playground	22,297	1,044	214	-	23,127
Cable TV	7,533	353	70	-	7,816
Fire Department rescue	9,153	449	114	(2,500)	6,988
Fire Department site	5,395	354	56	-	5,693
City bonds	88	20	1	-	107
Federally forfeited property	4,068	162	46	(2,500)	1,684
Road improvement	250,237	11,705	2,392	-	259,550
Hancock Technical Center	385	18	3	-	400
Police reserve	-	17,065	123	(6,500)	10,442
Harbor	3,992	186	23	-	4,155
Capital equipment	75,820	3,546	735	-	78,631
	\$ 785,317	53,765	11,895	(44,500)	782,687

CITY OF ELLSWORTH, MAINE
Schedule of Valuation, Assessment and Collection of Taxes
For the Year Ended June 30, 2016

Valuation

Real estate	\$ 1,051,878,160
Personal property	<u>34,819,100</u>
Total valuation	<u><u>1,086,697,260</u></u>

Assessment

Valuation x Rate: \$1,086,697,260 x 0.0177%	19,234,542
Supplemental taxes	<u>-</u>
Total assessment charged to collector	19,234,542

Collections and credits

Cash collections	18,172,564
Tax abatements	<u>98,363</u>
Total collections and credits	<u>18,270,927</u>

Taxes receivable and tax liens as of June 30, 2016	<u><u>\$ 963,615</u></u>
---	--------------------------

STATISTICAL SECTION

This part of the City of Ellsworth's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends

The schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

101

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

108

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future.

113

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

117

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs.

119

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

CITY OF ELLSWORTH, MAINE
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities										
Net investment in capital assets	\$ 33,715,894	31,779,089	23,159,164	18,480,914	14,627,702	10,294,469	9,113,455	13,460,163	8,494,924	11,918,308
Restricted	3,389,446	3,202,685	1,596,192	1,707,028	636,751	636,751	636,751	636,751	636,751	636,751
Unrestricted	<u>(300,286)</u>	<u>(278,043)</u>	<u>741,564</u>	<u>3,269,274</u>	<u>6,677,352</u>	<u>9,164,269</u>	<u>9,225,626</u>	<u>9,240,977</u>	<u>12,897,502</u>	<u>6,504,866</u>
Total governmental activities net position, as restated	<u>36,805,054</u>	<u>34,703,731</u>	<u>25,496,920</u>	<u>23,457,216</u>	<u>21,941,805</u>	<u>20,095,489</u>	<u>18,975,832</u>	<u>23,337,891</u>	<u>22,029,177</u>	<u>19,059,925</u>
Business-type activities										
Net investment in capital assets	22,315,695	22,209,990	21,639,916	20,181,719	17,889,763	6,730,821	10,781,659	8,897,641	8,629,198	8,141,023
Restricted	421,071	417,237	496,428	1,171,051	772,877	7,958,749	1,929,223	-	-	-
Unrestricted	<u>(1,676,135)</u>	<u>(1,087,934)</u>	<u>(765,805)</u>	<u>(624,004)</u>	<u>(865,194)</u>	<u>(934,314)</u>	<u>112,258</u>	<u>1,668,821</u>	<u>(898,213)</u>	<u>(379,100)</u>
Total business-type activities net position	<u>21,060,631</u>	<u>21,539,293</u>	<u>21,370,539</u>	<u>20,728,766</u>	<u>17,797,446</u>	<u>13,755,256</u>	<u>12,823,140</u>	<u>10,566,462</u>	<u>7,730,985</u>	<u>7,761,923</u>
Primary Government										
Net investment in capital assets	56,031,589	53,989,079	44,799,080	38,662,633	32,517,465	17,025,290	19,895,114	22,357,804	17,124,122	20,059,331
Restricted	3,810,517	3,619,922	2,092,620	2,878,079	1,409,628	8,595,500	2,565,974	636,751	636,751	636,751
Unrestricted	<u>(1,976,421)</u>	<u>(1,365,977)</u>	<u>(24,241)</u>	<u>2,645,270</u>	<u>5,812,158</u>	<u>8,229,955</u>	<u>9,337,884</u>	<u>10,909,798</u>	<u>11,999,289</u>	<u>6,125,766</u>
Total primary government net position	<u>\$ 57,865,685</u>	<u>56,243,024</u>	<u>46,867,459</u>	<u>44,185,982</u>	<u>39,739,251</u>	<u>33,850,745</u>	<u>31,798,972</u>	<u>33,904,353</u>	<u>29,760,162</u>	<u>26,821,848</u>

**In 2010, the Ellsworth School Department withdrew from the City and joined Regional School Unit 24 .

**In 2015, the Ellsworth School Department withdrew from Regional School Unit 24 and became a department of the City.

Table 2

CITY OF ELLSWORTH, MAINE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses										
Governmental activities										
General government	\$ 3,747,741	1,901,870	2,355,298	2,195,898	2,166,262	1,277,144	1,293,243	1,281,672	1,331,318	1,332,789
Public safety	2,928,714	2,533,798	2,740,831	2,552,364	2,518,382	2,584,403	2,436,340	2,160,191	1,971,390	1,883,321
Municipal buildings	280,346	276,817	267,378	233,972	237,897	231,336	218,875	147,938	147,470	150,196
Culture and recreation	798,259	765,640	694,647	690,619	690,132	662,864	665,768	664,952	714,202	574,618
General assistance	53,225	38,778	89,661	41,982	51,896	43,780	36,818	33,204	37,868	34,669
Public works	1,978,275	2,104,003	1,991,906	1,974,312	1,730,295	1,874,784	1,762,455	1,671,531	1,594,259	1,493,185
County tax	424,927	421,450	419,748	418,665	413,360	390,328	385,325	399,485	575,555	401,535
Education	20,040,164	18,957,785	9,936,799	9,676,685	9,043,511	8,980,058	8,799,458	15,187,627	15,101,268	15,255,071
State retirement contributions	-	-	-	-	-	-	-	1,291,410	1,328,608	1,273,446
Unclassified	585,429	3,937,524	1,702,321	1,991,840	1,955,864	1,800,548	1,450,934	2,509,814	1,490,367	2,021,242
Capital outlay	-	-	-	-	-	-	-	-	-	464,866
Interest on long-term debt	1,375,744	2,352,608	1,145,421	1,307,202	1,624,512	1,865,947	791,791	371,332	959,938	422,491
Total governmental activities expenses	<u>32,212,824</u>	<u>33,290,273</u>	<u>21,344,010</u>	<u>21,083,539</u>	<u>20,432,111</u>	<u>19,711,192</u>	<u>17,841,007</u>	<u>25,719,156</u>	<u>25,252,243</u>	<u>25,307,429</u>
Business-type activities										
Wastewater	2,037,459	1,432,942	1,267,835	1,148,463	917,373	784,013	775,893	772,809	965,277	1,089,411
Water	778,271	819,665	796,269	718,133	775,393	695,249	698,819	709,896	769,050	735,924
Total business-type activities expenses	<u>2,815,730</u>	<u>2,252,607</u>	<u>2,064,104</u>	<u>1,866,596</u>	<u>1,692,766</u>	<u>1,479,262</u>	<u>1,474,712</u>	<u>1,482,705</u>	<u>1,734,327</u>	<u>1,825,335</u>
Total primary government expenses	<u>\$ 35,028,554</u>	<u>35,542,880</u>	<u>23,408,114</u>	<u>22,950,135</u>	<u>22,124,877</u>	<u>21,190,454</u>	<u>19,315,719</u>	<u>27,201,861</u>	<u>26,986,570</u>	<u>27,132,764</u>

**In 2010, the Ellsworth School Department withdrew from the City and joined Regional School Unit 24 .

**In 2015, the Ellsworth School Department withdrew from Regional School Unit 24 and became a department of the City.

CITY OF ELLSWORTH, MAINE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Program revenues										
Governmental activities										
Charges for services:										
General government	\$ 310,393	317,033	313,186	293,039	314,360	298,317	166,425	165,524	222,294	182,688
Public safety	34,370	25,831	30,379	165,264	31,103	152,107	44,760	29,368	33,675	49,913
Municipal buildings	-	125	150	2,965	2,650	-	-	-	-	-
Culture and recreation	68,259	55,909	46,469	3,000	1,000	1,200	1,000	700	54,747	52,388
Public works	304,940	243,643	252,110	253,123	276,469	157,830	227,762	240,517	404,859	369,361
Unclassified	93,639	59,239	75,086	107,646	185,396	-	-	-	440,819	131,065
Education	2,818,885	2,767,510	-	-	-	-	-	2,799,086	3,047,727	2,754,943
Operating grants and contributions	8,149,818	7,737,272	3,707,843	3,308,080	3,792,342	112,263	236,591	6,822,102	7,885,564	9,352,209
Capital grants and contributions	320,705	475,750	390,406	212,885	299,052	778,544	1,000	595,000	-	-
Total governmental activities program revenues	<u>12,101,009</u>	<u>11,682,312</u>	<u>4,815,629</u>	<u>4,346,002</u>	<u>4,902,372</u>	<u>1,500,261</u>	<u>677,538</u>	<u>10,652,297</u>	<u>12,089,685</u>	<u>12,892,567</u>
Business-type activities										
Charges for services:										
Wastewater	994,376	1,010,364	957,420	840,515	1,004,627	847,683	658,320	721,941	805,397	729,206
Water	1,087,474	1,163,644	1,097,154	1,058,337	1,067,809	1,054,262	1,032,305	952,760	882,089	886,461
Capital grants and contributions	-	-	243,246	2,581,046	3,134,313	508,691	1,975,431	2,004,428	-	322,082
Total business-type activities program revenues	<u>2,081,850</u>	<u>2,174,008</u>	<u>2,297,820</u>	<u>4,479,898</u>	<u>5,206,749</u>	<u>2,410,636</u>	<u>3,666,056</u>	<u>3,679,129</u>	<u>1,687,486</u>	<u>1,937,749</u>
Total primary government program revenues	<u>\$ 14,182,859</u>	<u>13,856,320</u>	<u>7,113,449</u>	<u>8,825,900</u>	<u>10,109,121</u>	<u>3,910,897</u>	<u>4,343,594</u>	<u>14,331,426</u>	<u>13,777,171</u>	<u>14,830,316</u>

Table 2, cont.

CITY OF ELLSWORTH, MAINE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (expense)/revenue										
Governmental activities	\$ (20,111,815)	(21,607,961)	(16,528,381)	(16,737,537)	(15,529,739)	(18,210,931)	(17,163,469)	(15,066,859)	(13,162,558)	(12,414,862)
Business-type activities	(733,880)	(78,599)	233,716	2,613,302	3,513,983	931,374	2,191,344	2,196,424	(46,841)	112,414
Total primary government net expense	<u>(20,845,695)</u>	<u>(21,686,560)</u>	<u>(16,294,665)</u>	<u>(14,124,235)</u>	<u>(12,015,756)</u>	<u>(17,279,557)</u>	<u>(14,972,125)</u>	<u>(12,870,435)</u>	<u>(13,209,399)</u>	<u>(12,302,448)</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes	19,293,548	17,681,814	17,171,651	16,483,046	15,626,736	14,982,086	13,983,917	13,773,783	13,462,417	11,283,093
Excise taxes	1,592,036	1,473,558	1,424,038	1,302,518	1,252,688	1,228,531	1,228,909	1,267,737	1,316,865	1,309,962
Interest and costs on taxes	129,027	134,729	103,405	94,374	98,162	142,451	135,690	120,839	87,633	62,426
Unrestricted grants and contributions	717,360	736,424	732,324	872,243	712,717	3,125,819	1,210,184	882,968	774,281	761,265
Unrestricted investment earnings	128,304	152,415	187,581	76,332	109,379	264,559	281,724	353,311	155,210	233,550
Miscellaneous revenues	21,731	12,219	36,671	24,093	104,580	192,240	804,973	360,430	335,411	106,908
Transfers	(230,694)	(226,653)	(385,640)	(534,038)	(528,207)	-	(118,974)	-	-	-
Gain (loss) on disposal of assets	561,826	-	(191,226)	-	-	-	-	-	-	-
Special item: transfer of funds to RSU #24	-	-	-	-	-	-	(4,725,013)	(427,734)	-	-
Special item: Transfer of assets, liabilities and equity from RSU #24	-	10,850,266	-	-	-	-	-	-	-	-
Total governmental activities	<u>22,213,138</u>	<u>30,814,772</u>	<u>19,078,804</u>	<u>18,318,568</u>	<u>17,376,055</u>	<u>19,935,686</u>	<u>12,801,410</u>	<u>16,331,334</u>	<u>16,131,817</u>	<u>13,757,204</u>
Business-type activities										
Unrestricted investment earnings	24,524	20,700	20,945	-	-	(50,776)	(70,258)	(35,283)	13,281	13,031
Miscellaneous revenues	-	-	-	-	-	51,518	16,618	16,791	2,622	120,904
Gain (loss) on disposal of assets	-	-	1,472	-	-	-	-	-	-	-
Transfers	<u>230,694</u>	<u>226,653</u>	<u>385,640</u>	<u>288,918</u>	<u>528,207</u>	<u>-</u>	<u>118,974</u>	<u>427,734</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>255,218</u>	<u>247,353</u>	<u>408,057</u>	<u>288,918</u>	<u>528,207</u>	<u>742</u>	<u>65,334</u>	<u>409,242</u>	<u>15,903</u>	<u>133,935</u>
Total primary government	<u>22,468,356</u>	<u>31,062,125</u>	<u>19,486,861</u>	<u>18,607,486</u>	<u>17,904,262</u>	<u>19,936,428</u>	<u>12,866,744</u>	<u>16,740,576</u>	<u>16,147,720</u>	<u>13,891,139</u>
Change in net position										
Governmental activities	2,101,323	9,206,811	2,550,423	1,581,031	1,846,316	1,724,755	(4,362,059)	1,264,475	2,969,259	1,342,342
Business-type activities	<u>(478,662)</u>	<u>168,754</u>	<u>641,773</u>	<u>2,902,220</u>	<u>4,042,190</u>	<u>932,116</u>	<u>2,256,678</u>	<u>2,605,666</u>	<u>(30,938)</u>	<u>246,349</u>
Total primary government	<u>\$ 1,622,661</u>	<u>9,375,565</u>	<u>3,192,196</u>	<u>4,483,251</u>	<u>5,888,506</u>	<u>2,656,871</u>	<u>(2,105,381)</u>	<u>3,870,141</u>	<u>2,938,321</u>	<u>1,588,691</u>

Table 3

CITY OF ELLSWORTH, MAINE
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General fund:										
Nonspendable	\$ 250	-	-	10,508	10,104	41,687	-	-	-	-
Assigned	1,537,802	1,869,795	1,337,371	1,302,894	1,285,130	1,434,729	-	-	-	-
Unassigned	3,158,805	1,521,814	2,756,380	1,766,383	2,354,033	2,498,328	-	-	-	-
Reserved	-	-	-	-	-	-	74,515	109,420	130,745	110,819
Unreserved	-	-	-	-	-	-	2,856,108	2,195,511	2,305,467	2,003,675
Total general fund	<u>4,696,857</u>	<u>3,391,609</u>	<u>4,093,751</u>	<u>3,079,785</u>	<u>3,649,267</u>	<u>3,974,744</u>	<u>2,930,623</u>	<u>2,304,931</u>	<u>2,436,212</u>	<u>2,114,494</u>
All other governmental funds										
Nonspendable	672,294	654,017	636,751	636,751	636,751	636,751	-	-	-	-
Restricted	2,717,152	2,548,668	959,441	1,070,277	1,706,410	2,884,140	-	-	-	-
Unassigned	(4,481,774)	(3,002,383)	(3,644,129)	(1,310,165)	(1,037,040)	(737,009)	-	-	-	-
Reserved	-	-	-	-	-	-	636,751	636,751	1,029,969	842,889
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	127,191	999,608	1,641,611	1,516,316
Capital projects	-	-	-	-	-	-	2,231,018	5,605,789	(1,002,026)	2,823,728
Permanent funds	-	-	-	-	-	-	105,700	111,899	83,026	44,341
Total all other governmental funds	<u>\$ (1,092,328)</u>	<u>200,302</u>	<u>(2,047,937)</u>	<u>396,863</u>	<u>1,306,121</u>	<u>2,783,882</u>	<u>3,100,660</u>	<u>7,354,047</u>	<u>1,752,580</u>	<u>5,227,274</u>

Due to the implementation of GASB Statement No. 54, fund balance was reclassified starting 2011. Information for the restatement of prior years is unavailable.

Table 4

CITY OF ELLSWORTH, MAINE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
General property and other taxes	\$ 20,871,811	19,157,001	18,732,994	17,798,938	16,898,586	16,370,617	15,348,516	15,162,359	14,310,715	12,655,481
Licenses and permits	160,525	174,507	204,733	114,858	131,790	132,375	100,358	128,423	190,229	150,668
Intergovernmental revenues	8,935,353	8,531,779	4,275,885	4,920,882	5,263,356	4,724,450	2,171,691	9,235,500	10,883,330	11,817,684
Departmental income	535,293	399,633	360,958	319,150	340,662	477,079	439,947	436,109	472,799	453,294
Charges for services	2,818,885	2,767,510	-	-	-	-	-	-	-	-
Donations and fundraising	113,308	182,574	-	-	-	-	-	-	-	-
Other grants	5,150	15,500	-	-	-	-	-	-	-	-
Unclassified	833,412	359,452	743,048	578,048	689,043	338,691	644,749	2,219,382	1,386,446	1,310,692
Investment income	128,304	152,415	187,581	112,716	172,955	264,559	281,724	353,311	421,783	261,952
Total revenues	34,402,041	31,740,371	24,505,199	23,844,592	23,496,392	22,307,771	18,986,985	27,535,084	27,665,302	26,649,771
Expenditures										
General government	3,640,471	1,745,299	1,486,237	1,273,963	1,271,216	1,192,398	1,222,988	1,136,630	1,177,356	1,209,521
Public safety	2,784,176	2,628,945	2,597,023	2,376,851	2,427,548	2,443,188	2,369,347	2,078,589	1,892,245	1,826,339
Municipal buildings	229,650	226,700	193,698	170,555	174,480	167,919	157,693	147,078	147,470	150,196
Culture and recreation	794,245	763,717	684,265	685,700	685,785	651,533	662,532	653,472	710,905	683,512
General assistance	53,225	38,778	89,661	41,982	52,148	43,780	36,818	33,204	37,868	34,669
Public works	1,500,264	1,636,225	1,554,202	1,510,452	1,340,238	1,377,158	1,416,749	1,416,163	1,404,106	1,280,044
County tax	424,927	421,450	419,748	418,665	413,360	390,328	385,325	399,485	575,555	401,535
Education	16,809,555	15,913,352	9,936,799	9,676,685	9,043,511	8,303,154	8,863,374	15,064,466	15,271,460	14,949,329
Unclassified	201,348	3,886,224	1,431,597	1,713,864	2,045,577	1,540,250	1,371,185	1,375,542	1,810,778	2,018,617
Adult education	270,187	194,006	-	-	-	-	-	-	-	-
School lunch	621,101	600,090	-	-	-	-	-	-	-	-
Debt principal	3,044,773	2,773,318	2,632,788	4,511,951	3,360,772	1,255,991	2,031,839	1,482,772	1,383,586	1,450,715
Debt interest	1,456,902	1,119,972	1,176,284	101,792	1,652,085	2,121,947	306,444	387,524	391,886	469,929
State retirement contributions	951,945	985,382	-	-	-	-	-	1,291,410	1,328,608	1,273,446
Capital outlay	2,865,390	6,895,258	3,348,091	2,621,214	2,304,703	3,984,782	11,740,530	26,208,789	4,870,805	2,286,072
Total expenditures	35,648,159	39,828,716	25,550,393	25,103,674	24,771,423	23,472,428	30,564,824	51,675,124	31,002,628	28,033,924
Excess (deficiency) of revenues over (under) expenditures	(1,246,118)	(8,088,345)	(1,045,194)	(1,259,082)	(1,275,031)	(1,164,657)	(11,577,839)	(24,140,040)	(3,337,326)	(1,384,153)
Other financing sources (uses):										
Issuance on long-term debt	1,400,000	7,790,000	-	380,000	-	1,892,000	7,794,798	30,000,000	-	-
Issuance of capital leases	89,440	-	-	-	-	-	-	37,960	184,350	-
Premium on long-term debt	-	177,182	-	-	-	-	-	-	-	-
Transfers in	12,907,137	11,032,830	1,904,668	1,878,351	2,238,911	1,901,340	3,702,234	12,114,821	10,865,651	9,024,790
Transfers out	(13,137,831)	(11,259,483)	(2,290,308)	(2,412,389)	(2,767,118)	(1,901,340)	(3,546,888)	(12,542,555)	(10,865,651)	(9,024,790)
Total other financing sources (uses)	1,258,746	7,740,529	(385,640)	(154,038)	(528,207)	1,892,000	7,950,144	29,610,226	184,350	-
Special item: Withdrawal from RSU #24	-	1,893,913	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 12,628	1,546,097	(1,430,834)	(1,413,120)	(1,803,238)	727,343	(3,627,695)	5,470,186	(3,152,976)	(1,384,153)
Debt service as a percentage of noncapital expenditures	13.60%	11.81%	17.16%	20.52%	22.31%	17.33%	12.42%	7.34%	6.79%	7.46%

Table 5

**CITY OF ELLSWORTH, MAINE
STATE AID REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>		<u>State Revenue</u> <u>Sharing</u>	<u>School Aid*</u>	<u>Welfare Assistance</u>	<u>Other State Aid</u>	<u>Total</u>
2016	\$	404,012	5,177,262	22,326	494,088	6,097,688
2015		371,336	5,162,046	14,316	543,024	6,090,722
2014		368,989	-	10,173	4,333,744	4,712,906
2013		512,600	-	11,872	4,317,198	4,841,670
2012		470,124	-	17,221	4,484,103	4,971,448
2011		480,237	-	14,263	3,154,215	3,648,715
2010		505,574	-	12,096	1,521,122	2,038,792
2009		578,348	3,466,169	10,418	410,800	4,465,735
2008		546,715	4,246,937	12,227	354,145	5,160,024
2007		546,982	4,662,450	10,394	340,243	5,560,069

*In 2010, the Ellsworth School Department was reorganized and became part of Regional School Unit 24.

**In 2015, the Ellsworth School Department withdrew from Regional School Unit 24 and became a department of the City.

Table 6

CITY OF ELLSWORTH, MAINE
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>		<u>Property Tax</u>	<u>Excise Tax</u>	<u>Total</u>
2016	\$	19,150,748	1,592,036	20,742,784
2015		17,548,714	1,473,558	19,022,272
2014		17,205,551	1,424,038	18,629,589
2013		16,402,046	1,302,518	17,704,564
2012		15,547,736	1,252,688	16,800,424
2011		14,999,635	1,228,531	16,228,166
2010		13,983,917	1,228,909	15,212,826
2009		13,773,783	1,267,737	15,041,520
2008		13,462,417	1,316,865	14,779,282
2007		11,283,093	1,309,962	12,593,055
Percent Change				
2007-2016		69.73%	21.53%	64.72%

Table 7

CITY OF ELLSWORTH, MAINE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real Property</u>			<u>Total Taxable</u>	<u>Total Direct</u>	<u>Assessed Value</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Personal Property*</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>as a Percentage of Actual Value</u>
2016	\$ 704,758,367	347,119,793	34,819,100	1,086,697,260	17.70	100%
2015	704,555,701	331,860,659	34,337,800	1,070,754,160	16.45	100%
2014	702,416,241	330,548,819	34,183,300	1,067,148,360	16.05	100%
2013	700,626,603	329,706,636	33,625,500	1,063,958,739	15.45	100%
2012	702,973,943	330,811,267	37,489,600	1,071,274,810	14.56	100%
2011	711,254,840	321,442,770	36,158,700	1,068,856,310	13.85	100%
2010	716,765,880	299,814,930	37,486,660	1,054,067,470	13.35	100%
2009	697,479,074	291,168,796	37,056,650	1,025,704,520	13.35	100%
2008	676,191,694	283,685,676	34,522,180	994,399,550	13.15	100%
2007	435,829,047	169,957,722	35,138,300	640,925,069	17.55	69%

* Personal Property consists of machinery and equipment.

Source: City Tax Assessor

Table 8

CITY OF ELLSWORTH, MAINE
PROPERTY TAX RATE - DIRECT AND OVERLAPPING GOVERNMENTS
(per \$1,000 of assessed value)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General City Government</u>	<u>Education</u>	<u>Hancock County</u>	<u>Total</u>
2016	8.99	8.38	0.33	17.70
2015	8.09	8.03	0.33	16.45
2014	6.33	9.33	0.39	16.05
2013	6.06	9.00	0.39	15.45
2012	5.81	8.37	0.38	14.56
2011	6.08	7.41	0.36	13.85
2010	6.05	6.93	0.37	13.35
2009	5.27	7.69	0.39	13.35
2008	5.25	7.49	0.41	13.15
2007	7.36	9.59	0.60	17.55

Table 9

CITY OF ELLSWORTH, MAINE
PRINCIPAL PROPERTY TAXPAYERS*
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Business</u>	<u>2016</u>			<u>2007</u>		
		<u>Assessed Value</u>	<u>Rank</u>	<u>% of Total Tax</u> <u>Base</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>% of Total Tax</u> <u>Base</u>
Emera Maine, Inc.	Electric Utility	\$ 36,736,900	1	3.38%			
Wal-Mart	Retail Sales	20,110,900	2	1.85%	7,970,800	5	1.24%
Union River Associates Realty	Shopping Center	13,697,200	3	1.26%	10,873,600	2	1.70%
Home Depot	Retail Sales	11,202,600	4	1.03%	9,504,900	4	1.48%
11 & 19 General Moore Way LLC	Nursing Home	10,680,000	5	0.98%			
Black Bear Hydro Partners LLC	Dam	10,000,000	6	0.92%	10,000,000	3	1.56%
Ellsworth Shopping Center Inc.	Shopping Center	8,268,800	7	0.76%	7,580,400	6	1.18%
Ellsworth No. 1 LLC	Lodging	8,141,000	8	0.75%			
Hancock County Homes Foundation	Multi-Family Apartments	6,660,700	9	0.61%	4,244,300	8	0.66%
Ellsworth RI LLC	Lodging	6,613,500	10	0.61%			
Union River Yacht Club	Lodging				4,994,000	7	0.78%
Acadia Village Resort	Time Share Units				3,084,000	9	0.48%
Union Trust Company	Bank				3,043,700	10	0.47%
Bangor Hydro Electric	Electric Utility				11,805,500	1	1.84%

*Source - City of Ellsworth tax commitment

**CITY OF ELLSWORTH, MAINE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Collected within the Fiscal Year of the Levy							Subsequent Year		% of Total Tax
Fiscal Year	Gross Tax Levy	Abatements	Net Tax Levy	Amount	% of Net Levy	Collections	Total Tax Collections	Collection to Net Levy	
2007	\$ 11,283,078	15,277	11,267,801	10,926,446	96.97%	318,424	11,244,870	99.80%	
2008	13,615,548	136,808	13,478,740	12,796,107	94.94%	679,092	13,475,199	99.97%	
2009	13,615,548	215,226	13,400,322	12,649,490	94.40%	745,206	13,394,696	99.96%	
2010	14,093,900	39,704	14,054,196	13,274,749	94.45%	770,647	14,045,396	99.94%	
2011	14,839,634	30,942	14,808,692	14,218,576	96.02%	578,187	14,796,763	99.92%	
2012	15,626,746	38,446	15,588,300	14,973,049	96.05%	601,779	15,574,828	99.91%	
2013	16,462,945	92,744	16,370,201	15,631,220	95.49%	767,631	16,398,851	100.18%	
2014	17,171,630	67,227	17,104,403	16,171,426	94.55%	896,183	17,067,609	99.78%	
2015	17,614,045	46,395	17,567,650	16,607,321	94.53%	488,882	17,096,203	97.32%	
2016	19,234,542	98,363	19,136,179	18,172,564	94.96%	-	18,172,564	94.96%	

Table 11

**CITY OF ELLSWORTH, MAINE
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>Fiscal</u> <u>Year</u>	<u>Governmental Activities</u> <u>General Obligation</u> <u>Bonds and Notes</u>	<u>Business-type Activities</u> <u>General Obligation</u> <u>Bonds</u>	<u>Total Primary</u> <u>Government</u>	<u>Per</u> <u>Capita</u>	<u>Per Personal</u> <u>Income</u>
2007	\$ 9,302,609	2,172,903	11,475,512	1,641.23	4.57%
2008	7,839,611	1,649,194	9,488,805	1,343.26	3.74%
2009	36,356,839	2,583,587	38,940,426	5,479.94	15.25%
2010	42,119,798	12,506,247	54,626,045	7,650.71	21.29%
2011	42,755,807	15,289,174	58,044,981	7,498.38	14.74%
2012	39,395,034	14,436,947	53,831,981	6,933.54	14.77%
2013	36,496,260	13,920,802	50,417,062	6,443.90	13.40%
2014	33,136,487	12,993,156	46,129,643	5,857.73	12.18%
2015	38,216,713	12,157,877	50,374,590	6,422.87	13.83%
2016	36,571,940	11,122,395	47,694,335	6,070.30	13.62%

* In 2009, the City of Ellsworth issued a School Construction Bond by Regional School Unit #24 in the name of the City of Ellsworth, Maine. The State of Maine Department of Education is responsible for paying 96 percent of the annual principal and interest to the Maine Municipal Bond Bank directly. The remaining four percent is paid by the Regional School Unit #24. The GOB is backed by the full faith and credit of the City of Ellsworth.

** In 2015, the Ellsworth School Department withdrew from Regional School Unit #24 and is now a department of the City. Per the withdrawal agreement, the 2009 School Construction Bond is now paid for by the Ellsworth School Department as the School Department is keeping possession of the related capital asset.

Table 12

CITY OF ELLSWORTH, MAINE
RATIO OF GENERAL OBLIGATION DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population*</u>	<u>Assessed Value</u>	<u>GO Debt</u>	<u>Ratio of Net Bonded Debt</u>	
				<u>Assessed Value</u>	<u>Per Capita</u>
2007	6,992	640,949,659	9,302,609	1.45%	1,330.46
2008	7,064	1,006,045,800	7,839,611	0.78%	1,109.80
2009	7,106	1,025,704,520	36,356,839	3.54%	5,116.36
2010	7,140	1,054,067,470	42,119,798	4.00%	5,899.13
2011	7,741	1,068,856,310	42,755,807	4.00%	5,523.29
2012	7,764	1,071,274,810	39,395,034	3.68%	5,074.06
2013	7,824	1,063,958,739	36,496,260	3.43%	4,664.65
2014	7,875	1,067,148,360	33,136,487	3.11%	4,207.81
2015	7,843	1,070,754,160	38,216,713	3.57%	4,872.72
2016	7,857	1,086,697,260	36,571,940	3.37%	4,654.70

*Source: US Census Bureau

** In 2009, the City of Ellsworth issued a School Construction Bond by Regional School Unit #24 in the name of the City of Ellsworth, Maine. The State of Maine Department of Education is responsible for paying 96 percent of the annual principal and interest to the Maine Municipal Bond Bank directly. The remaining four percent is paid by the Regional School Unit #24. The GOB is backed by the full faith and credit of the City of Ellsworth.

** In 2015, the Ellsworth School Department withdrew from Regional School Unit #24 and is now a department of the City. Per the withdrawal agreement, the 2009 School Construction Bond is now paid for by the Ellsworth School Department as the School Department is keeping possession of the related capital asset.

CITY OF ELLSWORTH, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2016

	<u>Total Debt</u> <u>Outstanding</u>	<u>% Applicable to</u> <u>Ellsworth</u>	<u>Amount Applicable to</u> <u>Ellsworth</u>
Direct debt	\$ 36,800,156	100%	36,800,156
Overlapping debt			
Hancock County	900,000	7.96%	71,640
Total debt	<u>\$ 37,700,156</u>		<u>36,871,796</u>

Table 14

**CITY OF ELLSWORTH, MAINE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Assessed Value</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Percentage of Net Debt to Debt Limit</u>
2007	\$ 140,805,000	938,700,000	11,475,512	129,329,488	8.15%
2008	151,128,000	1,007,520,000	9,488,805	141,639,195	6.28%
2009	155,175,000	1,034,500,000	38,940,426	116,234,574	25.09%
2010	158,595,000	1,057,300,000	54,626,045	103,968,955	34.44%
2011	162,975,000	1,086,500,000	58,044,981	104,930,019	35.62%
2012	158,872,500	1,059,150,000	53,831,981	105,040,519	33.88%
2013	157,305,000	1,048,700,000	50,417,062	106,887,938	32.05%
2014	155,400,000	1,036,000,000	46,129,643	109,270,357	29.68%
2015	153,217,500	1,021,450,000	50,374,590	102,842,910	32.88%
2016	155,962,500	1,039,750,000	47,694,335	108,268,165	30.58%

Legal Debt Margin Calculation for Fiscal Year 2016

Total state valuation 1,039,750,000

Debt limitation: 15% of state valuation 155,962,500

Debt applicable to debt limitation:

General obligation bonds and notes:

Municipal \$ 9,007,000

Water 1,885,507

School 27,564,940

Sewer 9,236,888

Total debt applicable to debt limit: 47,694,335

Legal Debt Margin \$ 108,268,165

Table 15

**CITY OF ELLSWORTH, MAINE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population*</u>		<u>Median Household Income*</u>	<u>Per Capita Income*</u>	<u>Median Age*</u>	<u>Public School Enrollment**</u>	<u>Unemployment Rate***</u>
2007	6,992	\$	35,938	21,049	40.5	1,337	6.20%
2008	7,064		35,938	21,049	40.5	1,333	6.20%
2009	7,106		35,938	21,049	40.5	1,243	8.60%
2010	7,140		35,938	21,049	40.5	1,377	7.50%
2011	7,741		50,884	26,638	42.2	1,348	7.50%
2012	7,764		46,953	27,094	41.9	1,357	7.40%
2013	7,824		47,799	27,850	46.4	1,301	7.10%
2014	7,875		48,101	25,772	45.2	1,283	5.90%
2015	7,843		46,431	26,454	45.1	1,276	4.30%
2016	7,857		44,556	26,752	44.4	1,276	5.60%

*Source: US Census Bureau

**Source: Maine Department of Education

***Source: Maine Department of Labor

Table 16

**CITY OF ELLSWORTH, MAINE
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Maine Coast Memorial Hospital	633	1	430	1
Ellsworth Schools	306	2		
Wal-Mart Stores	299	3	230	3
Hannaford Bros.	289	4	171	4
Shaw's Supermarket	147	5	116	7
Kidspeace National Centers	123	6	170	5
Home Depot	98	7		
Union Trust Company	94	8	100	8
North Country Associates	92	9	91	9
City of Ellsworth	91	10	352	2
State of Maine, Dep't of Transportation			132	6
United States Postal Service			90	10

*Source: City of Ellsworth

Table 17

**CITY OF ELLSWORTH, MAINE
OPERATING INDICATORS BY FUNCTION*
LAST TEN FISCAL YEARS**

Function	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Code Enforcement										
Building permits	229	180	180	139	167	190	213	190	259	223
Police										
Calls for service	7,022	7,205	7,350	7,330	8,005	7,309	7,010	6,337	4,885	5,243
Fire										
Calls for service	455	449	431	413	405	382	397	385	345	355
Sewer										
Treated flow (millions of gallons)	189	229	221	227	124	148	213	190	259	223
Biosolids (cubic yards)	948	650	672	503	777	610	716	622	697	680

*Source - City of Ellsworth departmental records

Table 18

CITY OF ELLSWORTH, MAINE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM*
LAST TEN FISCAL YEARS

Function	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Administration	20	20	19	18	18	18	18	17	16	16
Police	16	16	16	16	16	16	15	14	14	14
Fire	12	12	12	12	10	10	10	10	9	9
Dispatch	4	4	4	4	4	4	3	3	3	4
Highway	12	12	12	12	11	11	11	11	11	10
Transfer Station	2	2	2	2	2	2	2	2	2	2
Wastewater Department	4	4	4	4	4	4	4	4	4	4
Water Department	4	4	4	4	4	4	4	4	4	4
Library	11	11	11	11	11	11	9	9	9	9
Recreation	1	1	1	1	1	1	1	1	1	1
Custodial	2	2	2	2	2	2	3	3	2	2
School Department**	261	256	0	0	0	0	0	320	320	318
Totals	349	344	87	86	83	83	80	398	395	393

*Source - City of Ellsworth departmental records

**In 2010, the Ellsworth School Department was reorganized and became part of Regional School Unit 24.

***In 2015, the Ellsworth School Department withdrew from Regional School Unit 24 and became a department of the City.

Table 19

CITY OF ELLSWORTH, MAINE
CAPITAL ASSETS STATISTICS BY FUNCTION*
LAST TEN FISCAL YEARS

Function	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	8	8	7	7	7	7
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	9	9	9	9	9	9	7	9	9	9
Public Works										
Paved Streets/Roads (miles)	38.29	38.29	38.29	38.29	37.79	37.79	37.79	37.79	37.79	35.86
Unpaved Streets/Roads (miles)	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91
Sidewalks (miles)	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21
Parks and Recreation										
Parks	2	2	1	1	1	1	1	1	2	2
Park Acreage	7.10	7.10	1.25	1.25	1.25	1.25	1.25	1.25	1.40	1.40
Harbors	1	1	1	1	1	1	1	1	1	1
Harbor Moorings	42	42	42	42	42	42	43	42	41	33
Ball Fields	4	4	4	4	4	4	4	4	4	4
Ball Field Acreage	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70
Sewer										
Sanitary Sewers (miles)	23.40	23.40	23.40	23.40	22.40	22.40	22.40	22.40	22.40	22.40
Storm Sewers (miles)	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90
Pump Stations	8	8	8	8	8	8	7	7	7	7
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Water										
Transmission & Distribution (miles)	33.80	33.80	33.80	33.80	33.80	33.80	31.53	31.50	31.50	31.50
Public Fire Hydrants	235	235	235	235	235	235	222	192	192	192

*Source - City of Ellsworth departmental records